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AN ESSAY
ON
The Present Distribution of Wealth
IN
THE UNITED STATES

BY
CHARLES B. SPAHR, PH.D.

SECOND EDITION

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PREFACE.

THIS volume is written chiefly for the instruction of the instructed classes. The conclusions reached respecting the present distribution of property and incomes are in the main those which common observation has forced upon thoughtful men and women in the ordinary walks of life. The writer has learned, and hopes to teach, that, upon matters coming within its field, the common observation of common people is more trustworthy than the statistical investigations of the most unprejudiced experts. Indeed he has come to believe that social statistics are only trustworthy when they show to the world at large what common observation shows to those personally familiar with the conditions described.

CHARLES B. SPAHR.

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PART I.

THE DISTRIBUTION OF PROPERTY.

PART I.

THE DISTRIBUTION OF PROPERTY.

CHAPTER I.

ENGLISH RETROSPECT. — THE TENDENCY TOWARD CONCENTRATION.

THERE has been a strong tendency toward the concentration of wealth. This tendency, however, has had nothing of the nature of natural law. There is no more evidence of an “iron law of wages,” keeping the laborers down to an “existence minimum,” than there is of a pampering providence reducing the wages of capital and increasing the wages of labor, no matter what the endeavor of capitalists or the listlessness of laborers. The distribution of wealth is under the direct control of laws for which the national conscience is responsible; and the distribution of wealth has become better or worse precisely as the national conscience has been directed to, or directed from, the laws controlling it.¹

National
Conscience
not Natural
Law in
Control.

¹ Mill is hardly overstating the case when he declares (Bk. II., chap. i., sec. 1) that the distribution of wealth is “a matter of human institution solely.”

In every age conflicting forces are at work. That those making for a greater inequality of fortunes have, on the whole, been dominant is accepted by the general public because it conforms with the common observation respecting the present, and the common sense that the inequalities were less "when Adam delved and Eve span." Nevertheless, this generalization has been vehemently assailed ever since the question of the distribution of wealth began to weigh upon the public conscience. Conservative statesmen, and even statisticians, have stoutly maintained that the tendency of modern times has been toward greater industrial equality as well as greater political equality. The briefest possible examination of this question, though it lies beyond the field of the present investigation, forms the natural introduction to it.

The course of history respecting the distribution of wealth has been marked by its unevenness. In the country whose history is really our own, the development of the later Middle Ages was distinctly toward equality of property. The dominant aristocracy of birth — to its own injury as well as that of this nation — did not accumulate capital; and even its overlordship of the soil, down to the very end of the Middle Ages, was productive of astonishingly small rents. Competitive rents were not introduced

Conflicting
Forces
Always at
Work.

The Later
Middle Ages.

until the seventeenth century.¹ During the sixteenth, when the inflow of the precious metals more than trebled the price of wheat, raising it to the modern level, rents remained relatively stationary, to the great enrichment of the middle classes, and the comparative embarrassment of the nobility.²

Even the law of primogeniture, which during modern times has worked so powerfully for the concentration of wealth, was during the Middle Ages comparatively ineffective. <sup>Primogeni-
ture.</sup> The striking feature of mediæval economy was the comparatively small value of real estate. As Garnier observes, "The intrinsic value of the flocks and herds exceeded that of the pastures which contained them almost as much as the value of banker's bullion exceeds that of the strong room which holds it."³ As the custom of primogeniture seldom extended to personalty, it did not seriously stand in the way of the wider distribution of wealth. Even as regards realty,

¹ Thorold Rogers's *History of Rent in England*, *Contemporary Review*, April, 1880.

² It is worthy of note, however, that landless laborers also were injured at this period; partly because the widespread conversion of farms into sheep pastures threw laborers out of employment, but chiefly because the Acts of Parliament repressing wages, especially the statute of Elizabeth allowing justices to fix the rates, kept wages from rising as rapidly as prices. See Scrutton's "Commons and Common Fields," pp. 97-100, and Prothero's "Pioneers and Progress of English Farming," p. 26.

³ "History of the English Landed Interest," p. 154.

it did not effectually bar the way to a wider distribution of ownership; for the oldest son could still alienate the fee-simple to creditors, or sell it to purchasers. The number of landowners seems to have increased until the middle of the seventeenth century. Not until after the Restoration was the land of England effectually placed under the dead hand of family settlements.¹

In a similar way, taxation in England during the latter part of the Middle Ages was rarely oppressive. Not only was it light, but
Mediæval
Taxation. it was direct; and direct taxation always conforms in some measure to the public sense of justice, since the whole public sees how each class is taxed. England successfully resisted the excises by which public revenues were raised upon the Continent, until the Parliament of the Restoration, relieving the landlords of their ancient dues to the crown, transferred the burden to the shoulders of the relatively poor.

For the distinctively modern era on which we now enter we possess at the very beginning a reliable estimate of the
England
in 1688. amount and the distribution of English wealth. Gregory King's table of the comparative incomes of the various classes in 1688²

¹ Brodrick's "English Land and English Landlords," pp. 42 and 43.

² See Appendix I.

proves indisputably that England at the close of the Middle Ages was pre-eminently a nation of small proprietors. As Prothero remarks¹ concerning it, "whatever allowance is made for errors, the contrast is startling enough" between the England in which "three-fifths of the agriculturists enjoyed proprietary interests in the soil," and the England of to-day, in which four-fifths of the agriculturists are hired laborers. This contrast is heightened when King's table is compared with the returns in the New Domesday Book of 1875.² King placed the total rent of agricultural land at £10,000,000, yet estimated the aggregate income of fifteen hundred lords, baronets, and knights at less than one-fifth of that sum. In our day Arthur Arnold estimates that four-fifths of the United Kingdom belongs to a smaller proportion of the population.³

These startling changes in the distribution of the ownership of agricultural land in England have been chiefly the work of the eighteenth century, or, more exactly, of the reign of George III. This reign (1760–1820) covers the one period in English history of which it is strictly true that the poor grew poorer and the rich grew richer. During

The Reign
of
George III.

¹ "The Pioneers and Progress of English Farming," p. 158.

² See Appendix II.

³ Arthur Arnold, "Free Land," p. 7.

the earlier part of the eighteenth century the condition of the working-classes seems to have improved.¹ It was a time of peace, and the interest on capital fell as low as three per cent.² Taxation was still light, the public debt was practically nil, and the passage of acts enclosing commons was hardly well under way. With the outbreak of the Seven Years' War in 1756, however, taxation and the public debt became simultaneously a source of impoverishment to the rank and file of the people, and a source of enrichment to the large landowners and the capitalists.

At the same time Parliament began the wholesale enactment of bills for the enclosure of commons. Had this legislation been framed in the spirit of humanity, it would have enriched all classes, for the land brought under private ownership yielded far more produce than ever before. The total amount enclosed from 1710 to 1843 was over 7,000,000 acres, or nearly one-third the present cultivated area of England and Wales.³ The increase in national wealth would have been enormous had the increase been made national. There were, indeed, a few parishes in which the poor were allotted sufficient land to pasture their

The
Enclosure of
Commons.

¹ Lecky, "England in the Eighteenth Century," vol. i., p. 610.

² Leroy-Beaulieu, "Essai sur la Répartition des Richesses," p. 248.

³ Brodrick, p. 55.

cows; but in general only the interests of the freeholders and copyholders who could prove their legal rights received any consideration. The great mass of agricultural laborers lost their proprietary interests in the soil, and were reduced to mere wage-earners.

The further reduction of a considerable portion of the wage-earners to the rank of paupers was largely the work of the Napoleonic wars. At the middle of the eighteenth War Taxes. century the annual cost of poor relief had been £690,000. At the close of the wars it had risen to ten times that sum. This appalling tax, paid by the occupiers of houses and lands, was nearly equal to two months' rent.¹ Upon the independent working-classes it was a well-nigh intolerable burden. It was, however, light compared with the burden of national taxation. The extent to which indirect taxes, resting chiefly upon the poorer classes, were developed seems almost incredible. During the civil wars of the preceding century, public sentiment had refused to tolerate a salt tax of fourpence a bushel. During the Napoleonic wars Pitt raised the salt tax to fifteen shillings a bushel,² but the public made no outcry against it. Taxes like this on salt, which took the

¹ Blunden's "Local Taxation and Finance," Appendix I.

² Three thousand per cent ad valorem on the natural price of salt. (Dowell, "History of Taxation and Taxes in England," vol. iv., p. 4.)

same amount from the poorest families as from the richest, were by no means the most oppressive now levied. The protective taxes on corn, which plundered the rank and file of the people, enriched the landlords. This class desired the war to continue as a matter of personal profit.¹ When it ended they made the tax system worse by repealing the income tax, whose burden fell on themselves, and by exacting new tariffs to keep the price of wheat at war figures. When we realize that the class best able to bear taxation was enriched by the war, we are in a position to understand what its burdens were to the middle and working classes. In 1815 national taxation reached £68,000,000 for Great Britain alone.² Excluding the income tax and the succession tax, which rested almost exclusively on the rich, there remained £51,000,000, or an average burden of \$100 a year for every family at a time when the total yearly earnings of the great majority of English families were less than \$300.³ Arnold Toynbee did not greatly exaggerate when he wrote that during this period, and

¹ George Eliot's country squire in "*Silas Marner*" expressed a popular sentiment among the landed gentry when he ridiculed the demands for peace, and declared that if peace came "the country would not have a leg to stand on."

² Dowell, "*History of Taxation and Taxes in England*," vol. ii., p. 249.

³ Leone Levi "*On Taxation*," p. 24. For lower estimates of earnings during the war, see Thorold Rogers's "*Work and Wages*," pp. 487 and 488.

even down to 1834, "one-half of the laborers' wages went in taxes."¹

These crushing burdens upon the working-classes were, of course, comparatively little felt by the farmers and small freeholders. During the war these classes were prosperous. War Debts.

The issue of paper money by England and France enormously reduced the demand for gold and silver. The value of both fell nearly one-half;² in other words, prices measured in gold nearly doubled. Agricultural products whose supply could not be materially increased rose much more rapidly than commodities in general. Farmers were intoxicated by their sudden prosperity, which was almost as marked as during the rise of prices in the Elizabethan era. When leases fell in, renting farmers consented to double rents, and continued to prosper even then. Freeholders changed their scale of living. Many of them mortgaged their estates to buy more land, to improve their property, to make extravagant provision for their children. All this continued until the process of resuming specie payments was inaugurated. When this was completed the value of specie had risen, and prices had fallen to their old level. In the case of agricultural products the attempt was made

¹ Arnold Toynbee, "The Industrial Revolution," p. 125.

² See Jevons's Essay in the *Journal Statistical Society* of London, 1865. The exact fall in the value of gold from 1789 to 1809 was 46 per cent.

to prevent the fall by means of exorbitant tariffs. But the supply of such products could not be materially reduced by the stoppage of production. Despite the tariffs, therefore, their prices fell almost as rapidly as they had risen. Farmers, unable to meet their doubled rents, were thrown into insolvency; and freeholders who had mortgaged their estates were forced to give them up. The landlord and lending classes alone did not suffer. "Everywhere," says Prothero, "large landed properties were built upon the ruin of small freeholders."¹

But private debtors were not the principal losers, nor private creditors the principal gainers, by the fall of prices which came with the return of specie payments. During the war the national debt was increased more than three thousand million dollars. This new debt — contracted during the period of inflation — was not even then paid for pound for pound. The war, like all wars, had created not a demand for labor, but a demand for capital. The government's demands for money nearly doubled the current rate of interest. Pitt, at the advice of the loan contractors, instead of issuing bonds bearing the current rate of interest, to be refunded at lower rates when the war was over and capital again seeking investment, continued to issue three per cents, selling them at an

¹ "English Farming," p. 84.

average discount of one-third. The result was that the nation from the beginning paid nearly five per cent interest on what it borrowed, and in the end paid an additional fifty per cent on the principal. The public debt, increased in this way to £860,000,000, represented an average burden of one thousand dollars for every family. Here was an estate created equal in value to the land of Great Britain.¹ To its possessors it was worth as much, but to the nation at large it was worth nil, and to the working-classes it was a mortgage upon future wages.

This ends the record of disastrous measures by which the wealth of England, so widely distributed in the days of Elizabeth and the Commonwealth, became concentrated in the hands of the new aristocracy. With the passage of the Reform Bill in 1832 a democratic spirit began to influence English legislation; and if old laws working for the concentration of wealth have not been greatly altered, at least no new law has been enacted working seriously for evil. Since that date the great body of the people have again shared in the increasing wealth of the nation. The reform of the Poor Laws in 1834 put an end to the growth of

The Era
of
Reforms.

¹ Beeke's estimates for Great Britain, 1800, — £720,000,000; Lowe's estimate for Great Britain and Ireland in 1822, — £1,200,000,000. (Giffen's "Growth of Capital," pp. 95-105.)

pauperism;¹ the repeal of the corn laws, beginning in 1842, put an end to the taxation of the working-classes for the enrichment of the landowners. The restoration of the income tax in the same year made the richer classes again feel something of the burden of imperial taxation; while factory Acts have added to the physical strength of the working-classes, and educational Acts have increased their intellectual capacity to better their condition. So great is the change in the spirit of legislation, and so considerable have been the advances of the working-classes, that conservative statisticians have seriously questioned whether the last fifty years have not witnessed in England a greater increase in the property and incomes of the poor than in the property and incomes of the rich. On this point common observation is not entirely to be trusted, for the public conscience to-day is shocked by inequalities to which it was indifferent half a century ago. We must therefore examine the conservative argument, not to determine whether other reforms are needed, but to ascertain whether the resultant of present laws, good and bad, is already toward lessened inequalities of wealth.

¹ The number of paupers at this period cannot be stated; but the expenditure for poor relief in England and Wales for 1833 was almost exactly the same as in 1891, when the population had doubled. (Expenditure, 1833, — £8,600,000; 1891, — £8,643,000; population, 1833, — 14,500,000; 1891, — 29,000,000. Edward Porritt, "The Englishman at Home," p. 37.)

Upon this question Mr. Giffen, in his inaugural address as president of the Statistical Society in 1883, has made incomparably the strongest statement of the conservative position.¹ Only that part of his argument which deals with the distribution of property can be discussed in this chapter. It deals only, it must first be observed, with the distribution of personal property. The comprehensive evidence submitted is a comparison between the distribution of estates admitted to probate in 1838, as described in Porter's "Progress of the Nation," and the distribution of such estates to-day. Mr. Giffen contends that during the era of savings-banks the number of estates less than one thousand pounds has increased more than the number of larger estates. This, however, is a point that was never questioned. Quite apart from the beneficent influence of the savings-banks in extending the ownership of registered property among the working-classes, the period has been one in which small property owners

Argument
that Inequalities are
Lessening.

¹ The evidence submitted by Mr. Giffen will be found in Appendix III. Mr. Goschen's inaugural address before the same society in 1887 follows similar lines, and is made less strong, I think, by the argument that the remarkable increase in the rentals paid by the middle and working classes indicates a relative bettering of their condition. Mr. Giffen more sensibly confines himself to urging that the increased rents paid by the working-classes do not indicate new hardships in their position.

have largely transferred their savings from the un-registered stock of farms and shops to the registered stock of corporations. Respecting the estates larger than one thousand pounds, no one has ever contended that the number of medium holdings had greatly increased. The question at issue has always been the relative holdings of the rich, and no one is anywhere considered rich who cannot live comfortably without labor. Respecting this question, Mr. Giffen's classification merely conceals the truth.

The facts which Mr. Giffen at first could not, and at last did not, state, are the facts
The Probate that tell the situation. Printed at some
Records length, the comparative tables for 1838
Examined. and the present time run as follows:—

ESTATES IN 1838.¹

	NUMBER.	AMOUNT.
Between £20 and £100	3,945	£ 214,660
Between £100 and £1,000 . . .	14,391	5,330,000
Between £1,000 and £10,000 . .	6,006	18,284,000
Between £10,000 and £100,000 .	984	23,253,000
Above £100,000	39	7,912,000
	<u>25,365</u>	<u>£54,993,660</u>

ESTATES IN 1891 ¹

	NUMBER.	AMOUNT.
Below £100, and not taxed . . .	18,063	£ 1,060,000
Between £100 and £1,000 . . .	34,213	11,579,000
Between £1,000 and £10,000 . .	12,203	39,957,000
Between £10,000 and £100,000 .	2,598	70,471,000
Above £100,000	170	43,328,000
	<u>67,247</u>	<u>£166,895,000</u>

¹ Porter's "Progress of the Nation," pp. 609, *et seq.*

In other words, the exceptionally great increase in the number of estates under £1,000 was entirely in the savings-bank depositor class, and the increase here was in part due to the fact that in 1838 estates under £20 were not recorded. In 1838 the eighteen thousand estates less than £1,000 held 10 per cent of the personal property admitted to probate, while in 1891 the fifty-two thousand estates of this character held less than 8 per cent. On the other hand, the smallest increase in the number of estates above £1,000 was in the class of medium holdings. In 1838 the estates with more than £10,000 held 57 per cent of the wealth, while in 1891 the estates of this character held 67 per cent. If we consider the comparative gains of the very rich, the contrast is still more striking. In 1838 the personal estates worth over £100,000 aggregated but one and a half times as much wealth as the estates less than £1,000 ; in 1891 they aggregated three and a half times as much. Common observation has not exaggerated the relative gains of the richer classes.

These figures, it must be recalled, relate only to personal property, where the law and customs of primogeniture do not seriously impede the division of estates. They therefore reveal only the brighter part of the history. The number of owners of real estate has been artificially kept

from increasing with the increase of the population. New buildings have been erected by new owners, but the ownership of the land remains in as few hands as it did half a century ago. Indeed, the ablest authority upon this subject maintains that the number of landowners is still diminishing.¹

No one, I think, has attempted to indicate that the ownership of real estate in England is becoming more widely distributed, but others beside Mr. Giffen have made this claim respecting the ownership of personalty. Mr. Goschen, when Chancellor of the Exchequer, made it in his inaugural address as president of the Statistical Society in 1887; and Mr. Porter, the author of the "Progress of the Nation," made it before the same society as far back as 1851. Mr. Goschen prudently gave no statistics except for the number of estates large and small; but Mr. Porter discussed aggregate values, and seemed at the time to have made a conclusive argument. He showed that in 1848 the aggregate value of the great estates, — those over £30,000, — was relatively less than in 1833. At the present time, however, his evidence has become an incontrovertible argument against his contention. In 1833 the estates over £30,000 aggregated but 28 per cent of those taxed, while

¹ Hon. George C. Brodrick, "English Land and English Landlords," chapter iii. (Published by the Cobden Club.)

half a century later (1883) estates over £50,000 aggregated 38 per cent.

Having thus stated in its broader outlines the course of English history respecting the distribution of property, there remains to be added a summary of the present situation. It is with some diffidence that the writer constructs a table presenting this, for he has learned to distrust the statistical work of those not personally familiar with the conditions discussed. Nevertheless, it is only as regards real estate that complete official data are wanting; and England, unlike most countries,¹ possesses much less reality than personalty.²

**The Present
Distribution
of Personal
Property in
England.**

The distribution of personal estates admitted to probate in 1891 has already been presented. (See page 16.) The only question is, What multiple shall we take to find the total number of families having estates of each description? Upon this point American official statistics are more instructive than any published in England. The investigation of farm and home ownership in this country, so ably conducted by Mr. George K. Holmes, has brought out the fact that the annual

¹ See A. de Foville's essay on *The Wealth of France and other Countries*, *Journal Statistical Society*, December, 1893.

² English investments abroad are worth nearly half as much as the real estate of the United Kingdom. Mr. Giffen in 1886 estimated England's income from foreign investments at \$425,000,000. Giffen, "Growth of Capital," Appendix I.

death rate among the owners of real estate is approximately 1 in 36.¹ The French official inquiry into the same subject showed the same death rate. In order to find the number of personal property owners in Great Britain and Ireland, we may therefore multiply by 36 the number of estates admitted to probate in 1891. The following table results : —

Personal Property Owners.

(*United Kingdom, 1891.*)

	PERSONS OWNING.
Below £1,000	1,882,296
£1,000 to £10,000	439,308
£10,000 and over	99,648
	<u>2,421,252</u>

But, as Mr. Giffen has pointed out, after reaching a conclusion even less optimistic respecting the number of persons holding personal estates, these records exclude the owners of realty. Regarding the latter the English official statistics are extremely inadequate. The only table of scientific value that can be constructed from them relates to areas and not values. In a condensed form it runs as follows : —

	NO. OWNERS.	ACRES OWNED.
100 Acres and over . . .	42,515	28,840,000
100 Acres to 10 Acres . .	98,497	3,542,000
Below 10 Acres	825,272	630,000

¹ See Mr. Holmes's article in the *Quarterly* of the American Statistical Society, and Extra Census Bulletin No. 98. In Massachusetts, where homes greatly outnumber farms, the death rate is somewhat greater, inasmuch as homes are peculiarly the property of elderly people.

The fact, however, that about forty thousand owners hold over five-sixths of the area does not prove that they hold over five-sixths of the value. Their holdings are chiefly agricultural, and the rentals returned simply prove that these owners hold about five-sixths of the agricultural property and one-sixth of the urban. The most valuable urban estates are nearly always less than one hundred acres, and often less than ten acres, or even one acre. The assumption of certain anti-reform writers, that these smaller estates are the estates of the relatively poor, is indescribably bad. It is probable that the forty thousand richest landowners in England own as large a proportion of the value of English realty as the forty thousand greatest landowners own of its area. This, however, cannot be demonstrated. Had we only English statistics to judge from, it would be difficult to construct a table presenting the aggregate holdings of both realty and personalty in the hands of the different classes of society. Fortunately, however, we know from the probate court records for New York City (as well as from common observation), that the number of estates containing realty, but not personalty, is much less than one-tenth the number of personal estates. An addition of one-tenth to the number of personal property owners to find the total number

The
Distribution
of all
Property in
England.

of property owners, is, therefore, a maximum addition.¹ We also know that the average value of estates between £1,000 and £10,000 cannot exceed £4,000, and that the average value of estates between £1,000 and nothing cannot exceed £400.² The table, therefore, for the property owners of the United Kingdom would divide the aggregate private wealth³ approximately as follows:—

Distribution of Private Property.

(*United Kingdom, 1891.*)

	PERSONS OWNING.	AMOUNT OWNED.
Below £1,000	2,000,000	£ 800,000,000
£1,000 to £10,000 . . .	500,000	2,000,000,000
£10,000 and over . . .	125,000	7,900,000,000
	2,625,000	£10,700,000,000

The number of property-owning families would be about one-third less than the number of property owners.⁴ There remain, therefore, nearly six

¹ Very frequently, however, a person owning less than £10,000 in personalty alone, owns more than £10,000 in personalty and realty combined. The number of the richest class is thus disproportionately increased.

² See New York records, p. 56, and Maryland and Massachusetts records in Appendices IX. and X.

³ The aggregate amount of private property in the United Kingdom, whether ascertained by Mr. Giffen's method from the income tax returns, or by M. de Foville's method from the probate records, is approximately £10,700,000,000. See Giffen's "Growth of Capital," p. 11, and A. de Foville's essay on "The Wealth of France and Other Countries," *Journal Royal Statistical Society*, 1893, p. 602.

⁴ In New York and Massachusetts more than one-third of the estates probated belong to women. In relatively few cases do they belong to families in which the other members are propertyless.

million families, or more than three-fourths of the people of Great Britain and Ireland, without any registered property whatever. They have, indeed, their household goods, but the total value of these can hardly exceed £100,000,000. If we sum up, therefore, the results of our inquiry, we find that less than two per cent of the families of the United Kingdom hold about three times as much private property as all the remainder, and that ninety-three per cent of the people hold less than eight per cent of the accumulated wealth.

CHAPTER II.

**AMERICAN RETROSPECT. — THE OLD SECTIONALISM
AND THE NEW.**

THE history of the forces powerfully affecting the distribution of property in the United States is a shorter and a brighter record. The Puritan element in Old England, which furnished the bulk of the early immigrants, consisted almost exclusively of small property owners and the more sober and energetic workmen.¹ Their republicanism in politics was in part due to the essential equality of their economic conditions, though doubtless their religious faith respecting the equality of men before God was the supremely important factor.² From the beginning the institutions of New England affecting the distribution of wealth were more democratic than those of Old England to-day. In the remaining colonies the larger part of the immigration was similar in character, both as respects religious faith and economic conditions. What William Stoughton said primarily of New England in his election sermon of 1688 was true

¹ Macaulay's "History of England," chap. iii.

² See Bourgeaud, "Rise of Modern Democracy."

of the great body of the early colonists: "God sifted a whole nation that he might send choice grain into the wilderness." Except for the tares sown through the importation of slaves, the new nation promised to be a nation of equals, — a democratic commonwealth. In New England the democratic spirit was strongest. The government affected the property of the citizen most directly in the matter of taxation, and in New England from the start the bulk of the taxes was placed directly upon property.¹

This system has been condemned as "mediæval" by those who do not distinguish between what was good in the Middle Ages, and afterwards overthrown by class greed, and what was bad in the Middle Ages, and afterwards overthrown by the public sense of justice. It was mediæval only in the sense that direct taxation was mediæval. It was substantially the system of taxation on which the English Commonwealth relied in the seventeenth century, and toward which the new democracy of England returned in the nineteenth, when the stealthy plundering of the poor through indirect taxation received its first blow. With the Revolutionary War, and the quickened spirit and extended power of democracy which came with it, the New England system of taxing citizens in

The
New England
Property
Tax.

¹ Douglas, "Financial History of Massachusetts," p. 17.

proportion to their property swept westward and southward; ¹ and in the new New England beyond the Alleghanies, where, as Emerson says, "America begins," no other system was ever known.

Second only in importance to the establishment of a just system of taxation was the abolition of the English rule of primogeniture. Even before the Revolution, in New England, New Jersey, Pennsylvania, and Delaware, this rule had been modified to a double portion for the oldest son; after the Revolution all traces of it were swept out of existence, the custom hardly surviving the law.² Simultaneously the feudal privileges of great landlords and the old system of entailing estates were everywhere practically abolished. The close of the eighteenth century witnessed a democratic advance in matters relating to the distribution of wealth, almost as marked as in matters relating to the distribution of political power.

But it is not the Divine order in the government of society that forces working for evil shall cease to demand an eternally awakened public conscience. With the establishment of the federal Constitu-

¹ See Schwab's "History of the New York Property Tax," pp. 45 and 67, and Ripley's "Financial History of Virginia," pp. 25 and 45.

² Fiske's "Critical Period of American History," p. 71; Morse's "Life of Jefferson," p. 44.

tion, the classes in society¹ which had opposed the Revolution took possession of the national government, and shaped its financial legislation. The old prejudice of the poorer voters² against centralized government is thoroughly intelligible to one who regards politics from the standpoint of the distribution of wealth. What Simon Sterne said respecting railroad legislation holds true of all economic legislation. The smaller the area, the stronger the pressure of popular opinion. As a rule, the middle classes can control the legislation enacted under their eyes by those whom they know, but only the wealthier classes can act unitedly and effectively upon legislation at the national capital. In this country this has held true from the beginning, and in conformity with this rule we find the movement in the local governments to place taxation directly upon property largely offset by a movement in the national government to place it indirectly upon the wages of labor.

Nevertheless, down to the opening of the Civil War the financial legislation of the national government had comparatively little influence upon the distribu-

The
Influence of
Slavery.

¹ General Greene thought that at least two-thirds of the land in New York was owned by Tories. (Whitelock's "Life and Times of Jay," p. 92.)

² The poorer voters belonged to the middle classes. Property qualifications to the suffrage were next to universal down to the close of the century.

tion of wealth throughout the country.¹ The influence which powerfully affected it was the institution of slavery. During the Revolutionary epoch a strong sentiment in favor of universal liberty rapidly gathered headway.² In all the Northern commonwealths, except New Jersey, constitutions were adopted, either gradually or immediately emancipating the slaves; while in the excepted commonwealth, and in Delaware, Maryland, and Virginia, the further importation of slaves was prohibited. With the close of the Revolutionary struggles, there was a sensible abatement in this spirit of liberty and equality; but the abolition movement remained powerful as far south as North Carolina until the beginning of the present century. The great Virginians were all in sympathy with it; Jefferson more than any one else being responsible for the ordinance of 1787, forever prohibiting involuntary servitude in the North-west territory.³

¹ In 1860 the national taxes aggregated but \$56,000,000 a year, or less than ten dollars per family.

² The Massachusetts Constitution of 1780 declared the right to liberty inalienable, and the Supreme Court decided that this declaration worked the immediate abolition of slavery. In the remaining States of New England, and in Pennsylvania and New York, the new constitutions enacted that all slaves born after their adoption should be free. See John Fiske's "*Critical Period of American History*," chap. ii.

³ For the subsequent evasion of this ordinance, and the attempt to repeal it through the efforts of the wealthier landowners in Indiana, see J. P. Dunn's interesting history of that commonwealth.

The change in the spirit of the South came with the invention of the cotton-gin. It was to this invention, accompanied by those which built up the great cotton manufacturing in England, that the subsequent rapid disappearance of the abolition societies in Virginia was due. The rise of the abolitionist agitation in the North had nothing to do with it.¹ Slavery had become profitable, and the magnitude of the propertied interests created chilled the feeling and narrowed the conscience of the South, which had threatened the extermination of the evil. Von Holst has brought out strikingly the influence of slavery in checking the production of wealth, and one might almost infer that it was intellectual folly on the part of the South not to rid its industry of the paralyzing load. But the relatively rapid advance in the value of real estate at the North tells but half the story, and the Southerners know the whole. Powerful as was the influence of slavery in checking the creation of wealth, it was more powerful in fostering the creation of property. The North became the land

The Old
Sectionalism.

¹ Mr. Beecher hit off the situation pretty accurately when he said in his Manchester address: "With the invention of the cotton-gin, slaves that had been worth from \$200 to \$400 began to be worth \$600. That knocked away one-third of adherence to the moral law. Then they became worth \$700, and half the law went; then \$800 or \$900, and there was no such thing as moral law. And finally they became worth \$1,000 or \$1,200, and slavery became one of the beatitudes."

of improved farms and better buildings; its real wealth was far greater than that of the South. But the South was the land of the richest citizens, for the withheld wages of the slaves were capitalized into the private property of their masters. Before the invention of the cotton-gin the South was poorer than the North. In 1860 the South was the richest section of the nation.¹

¹ In 1860 the average value of farm-land (improved and unimproved) per acre in the three sections of the nation ran as follows:

Free States	\$25.30
Border States	15.60
Seceding States	9.28

(Seaman's "Progress of Nations," Second Series, p. 572.) Nevertheless, the amount of private property in the seceding States was proportionately greater than in the other sections. The estimated true value of property (for the entire population) per capita, ran thus:—

Free States	\$487
Border States	497
Seceding States	560

Even the eleven States east and north of the Potomac had less property per family than the eleven States which seceded. (Tenth Census, vol. vii., pp. 4, 8.)

How different the situation at the close of the last century, is brought out strikingly by the returns for the direct tax of 1798. The population of the eight free States (New Hampshire to New Jersey) barely exceeded that of the eight slave States; yet the value of lands, town and city lots, and dwelling-houses in the former, was assessed at \$422,000,000, while the value of similar property in the latter was assessed at only \$198,000,000. The slaves in the Southern States were worth a little less than \$70,000,000. See Timothy Pitkin's "A Statistical View of the Commerce of the U. S. of A." (Hartford, 1816), and Seaman's "Progress of Nations," pp. 615 and 573. The latter authority estimates the value of slaves, old and young, at \$100 apiece in 1790, and \$500 apiece in 1860.

But more than this, the South was the only section chiefly in the hands of the rich. The fact that the average riches of the white families of the South were approximately twice as great as that of the families of the North,¹ only begins to bring out the extent to which the South was the section of the rich. The influence of slavery in creating property for the whites out of the robbery of the blacks was hardly more marked than its influence in concentrating the property of the whites in the hands of a comparatively few of their number.² Even in the seceding States, two-thirds of the white families held no slaves whatever, and everywhere two-thirds of the slaveowners held but one-fifth of the slaves.

Slave
Property
Concentrated.

Not only was property in slaves concentrated,

¹ \$4,770 for the seceding States, as against \$2,435 for the free States.

² The Census of 1860 gave the following table, showing the distribution of slave property:—

Persons with 1 Slave	77,333
Persons with 2 Slaves	46,165
Persons with 3 to 5 Slaves	88,116
Persons with 6 to 10 Slaves	65,278
Persons with 10 to 19 Slaves	61,710
Persons with 20 to 49 Slaves	35,623
Persons with 50 to 99 Slaves	8,367
Persons with 100 to 299 Slaves	2,208
Persons with 300 to 499 Slaves	74
Persons with 500 to 999 Slaves	13
Persons with over 1,000 Slaves	1

Total Owners, 384,884; Total Slaves, 3,953,742.

(Seaman's "Progress of Nations," Second Series, p. 573.)

but all property at the South was concentrated through the influence of slavery. As Mason of Virginia pointed out in his eloquent address before the Constitutional Convention of 1787, slavery degraded labor in the eyes of the poor as well as the rich. Few men can separate themselves from the feelings of the society in which they live; and the scorn of manual labor bred by the institution of slavery impoverished the middle classes, and made it next to impossible for the poor to rise by industry. Property in land became almost as concentrated as property in slaves.¹ The census of 1850 presented a most instructive table respecting the ownership of real estate in certain counties in seven different States.² In a condensed form it ran: —

¹ On this point, see Seaman's classification of farms in 1860. ("Progress of Nations," Second Series, p. 572.) In the seceding States there were more farms above 1,000 acres than there were farms above 100 acres in the free States.

² The table in full was as follows: —

	Popu- lation.	Persons Owning under \$1,000.	Owning \$1,000 to \$5,000.	Owning \$5,000 to \$10,000.	Owning \$10,000 to \$50,000.	Owning \$50,000 to \$100,000.	Owning \$100,000 to \$500,000.	Owning \$500,000 to \$1,000,000.
Michigan . .	34,084	3,599	1,781	90	28	1		
Pennsylvania,	11,929	889	672	83	18			
Rhode Island,	33,983	1,025	1,552	216	49	1		
Ohio	18,568	826	940	115	46			
Kentucky . .	14,462	3,960	342	85	64	2	1	
S. Carolina .	231,246	3,050	3,586	878	855	77	20	1
Louisiana . .	53,996	529	722	310	368	78	23	
		10,341	9,585	1,777	1,428	159	44	1

THE OLD SECTIONALISM AND THE NEW. 33

COUNTIES IN	POPULA- TION.	OWNING REALTY.	OWNING UNDER \$5,000.	OWNING \$5,000 TO \$50,000.	OWNING \$50,000 AND OVER.
Free States .	98,534	11,911	11,274	645	2
Slave States .	299,694	11,404	8,642	2,560	202

In other words, while the population covered in the slave States was three times as great as in the free States, the number of real-estate owners was actually less. In the North about two-thirds of the real estate was in holdings worth less than five thousand dollars. In the South about four-fifths of the real estate was in the larger holdings. The slave States contained four times as many holdings worth over five thousand dollars as did the free, and one hundred times as many holdings worth over fifty thousand dollars.

It is true that the showing for Northern cities would already have been very different from that for the Northern counties selected for the census. The Boston tax-lists for 1845 show two hundred and seventeen holdings of more than one hundred thousand dollars worth of property (real and personal). The same lists do, indeed, show that the number of property owners in Boston was proportionally much greater than in the Southern States; but they also show that quite as large a proportion of the property was in the hands of a wealthy class. The similarity in economic conditions between the Northern cities and the Southern States was one of the reasons why public

sentiment in these cities was on the side of slavery long after the rural districts were saturated with abolitionism. As Bentham once said, "Wherever there is an aristocracy, public sentiment is the child of that aristocracy." The fact that a marked concentration of wealth already existed in our Northern cities does not seriously modify the contrast between North and South set forth in the table. Two-thirds of the nation's wealth in 1850 was on the farms.

The rebellion of 1861 was a rebellion of the richer classes in America against the rule of the middle classes. The triumph of the latter, however, and the utter overthrow of the old aristocracy at the South, did not bring with it the extinction of plutocracy in America. On the contrary, the war itself created a new plutocracy. Step by step the measures which made the Napoleonic wars so disastrous to the middle and working classes in Great Britain resulted in similar disasters to the same classes in America. The disaster was less, only in proportion as the war was less costly. Up to this time, as has been said, the tariff policy of the national government had mattered comparatively little to the well-being of the mass of our citizens. With the war, however, federal taxation increased tenfold,¹ and amounted at the close

¹ Federal revenues, 1860, \$56,000,000; 1866, \$520,000,000 currency, or \$420,000,000 in gold.

to nearly one hundred dollars for every family in the nation. Meanwhile, as in England, the capitalist class had so shaped the taxing-acts as not only to shield, but actually to enrich, itself. Burke once said: "To tax and to be loved is not given to men." During our Civil War, to refuse taxation and to be loved was not given to men. Not only did manufacturers of every sort demand that the tariff on their products be raised to a point that cut down the public revenue by restricting importation, but some of them supported increased internal revenue taxes on the products they produced. The nation was confronted with the curious spectacle of carriage manufacturers benefited by an increased tax on carriages, match manufacturers made rich by a heavy tax on matches, and whiskey manufacturers realizing fortunes at each successive increase in the tax on spirits.¹

These taxes were placed, as a rule, not upon products already produced and awaiting sale, but upon those to be produced thereafter; and the price of stocks on hand was advanced by the

¹ The profits of distillers, dealers, and speculators out of the liquor taxes legislation, between July 1, 1862, and Jan. 1, 1865, were estimated by David A. Wells at about \$100,000,000. Congressmen were among the speculators. Those who knew in advance that the tax on whiskey was to be raised, had only to speculate in whiskey certificates to turn their knowledge into gold. See "Practical Economics," by David A. Wells, pp. 198-200.

amount of the new tax. Then, too, wherever possible, the internal revenue regulations were so shaped that the small producer was placed at a disadvantage compared with the large.¹ In case of the taxes on whiskey, both of these policies were pursued, and distillers were actually given several months in which to produce lightly taxed whiskey before the higher rates went into effect.² The way in which these new burdens were borne by the mass of the people was an expression of the highest patriotism, but the way in which they were imposed by the powerful interests was the most ignoble form of treason. If we except the income tax, which never produced more than one-eighth of the public revenues, the fearful burdens of the war merely lent to the enrichment of the class best able to bear their weight.

But the burdens of taxation were not, perhaps, those which rested most heavily upon the middle and working classes. The war of necessity created an insatiable demand for moneyed capital. The government issued greenbacks in order to prevent excessive issues of bonds, but artificially depre-

The
Present Era.
Debt.

¹ See Ely's "Taxation in American States and Cities," pp. 83-95. This was notably the case respecting the tax on matches. If manufacturers furnished their own design for the internal revenue stamp, they secured 5 per cent discount on purchases from \$50 to \$500, and 10 per cent on purchases above \$5,000.

² Professor J. W. Jenks states that these taxing-acts were the chief cause of the existence of over one hundred distilleries,

ciated these greenbacks by making them non-receivable for duties on imports, or interest on the public debt. National banks were permitted to make further issues of similar paper money, with the avowed object of facilitating new issues of bonds, but with the inevitable effect of further depreciating the paper money already outstanding. Whatever may have been the influence of this legislation in preventing further bond issues, or facilitating further bond issues, or lowering the rate of interest by creating an abundance of money, there is no doubt that the depreciation of this paper money during an era of debt-making added enormously to the burden finally resting upon both public and private debtors.¹

But the changes in the value of the currency

when less than twenty could produce all the whiskey consumed in the country. See his article on The Whiskey Trust, *Political Science Quarterly*, 1889.

¹ During the period in which the currency was being depreciated, bankruptcies did indeed practically disappear; but when the appreciation of the currency was once well under way, the ruin of business men was widespread.

FAILURES IN NORTHERN STATES.		FAILURES IN ALL STATES.	
1860	2,733		3,676
1861	5,935		6,993
1862	1,652		
1863	495		
1864	520		
1865	530		
1866	632		1,505
1867	2,386		2,780
1873			5,183
1878			10,478
1880			4,735

were not the most fruitful source of loss to the masses while the war continued. This lay rather in the very nature of a war carried on by the issue of bonds. Just as happened in England during the Napoleonic wars, the demand for money by the public practically doubled the rate of interest throughout the country. The rate of profit necessarily rose with the rate of interest, and those who continued to invest their money in business received almost as large a return relatively as those who lent it to the government. As the product of industry became no greater, the increase in the share that went to capital necessitated a decrease in the share that remained for labor. In some industries the share that went to capital at this time more than doubled, and the share that remained to labor fell almost one-half.¹ Despite the inflation of the currency, the price of labor,² like the price of real estate,³ rose but little, be-

¹ The *Paper World* in March, 1887, published the returns for nine New England paper factories in a form which brings out graphically the relative rise of profits in this industry during the period of high interest rates, and recently enacted high tariffs.

	CAPITAL'S SHARE OF PRODUCT.	LABOR'S SHARE OF PRODUCT.
1850 . .	7.4 per cent.	6.67 per cent.
1860 . .	4.42 "	12.16 "
1865 . .	29 "	7.12 "
1870 . .	56 "	15 "
1880 . .	6.16 "	16.15 "

² For the rate of wages during the war, see the condensation of the Senate Report of 1893, on page 109.

³ The fact that the price of real estate did not materially rise

cause the war no more created a demand for labor than it created a demand for real estate. The primary effect of a modern war is the destruction of capital, and the destruction of capital means the increased demand for capital and the decreased demand for labor,—the increase of the rate of interest and the decrease of the rate of wages.

The burdens of the war did not end with the war. During its progress bonds had been issued for nearly three thousand million dollars. These bonds were afterwards definitely made payable in coin, and practically made payable in that coin whose value has been almost doubled by the artificially increased demand for it. The legislation which has led to an increase in the burden of debt, both public and private, lies beyond the scope of this essay. In this general summary of the forces that have changed the distribution of wealth, it only needs to be noted that the increase in the nation's bonded debt during the war exceeded the value of the slaves who were liberated. Two thousand millions of property in the earnings of slaves were destroyed by the war; but two thousand six hundred millions of prop-

during the war is brought out clearly by the tax assessments. The Ohio returns are typical:—

1861	Real . .	\$635,000,000	Personal . .	\$249,000,000
1862	" . .	646,000,000	" . .	244,000,000
1863	" . .	650,000,000	" . .	287,000,000
1864	" . .	655,000,000	" . .	351,000,000
1865	" . .	661,000,000	" . .	409,000,000

erty in the taxes of freemen were created.¹ The plutocracy at the South had been destroyed, but a much richer capitalist class at the North had been created.

The financial legislation and the tax legislation of the national government have, however, been but two of the three great causes which have operated for the concentration of wealth during the present generation.

Prior to the Rebellion, the railroads counted for next to nothing in the national stock-taking. The greater part of the property of the country was still upon the farms, and in the North was as widely distributed as property upon farms still is. To-day the railroads alone count for half as much property as the farms, and their securities are held exclusively in the cities.² Did these securities represent only the capital actually invested, no part of the country would have been enriched at the expense of the other. But approximately one-half of the present railroad capitalization represents no investment whatever.³

¹ The estimate of the value of the slaves before the war is that of Seaman, "Progress of Nations," Second Series, p. 573. The national debt in 1860 was \$60,000,000; 1865, \$2,674,000,000.

² In so far as they are held in this country. See Appendix V.

³ The writer follows the conservative estimates of Poor's Manual, 1884, and Van Oss's "American Railroads as Investments," (New York, G. P. Putnam's Sons; London, Effingham and Wilson, 1893). For striking examples of our capitalization, see Ex-Governor Larrabee's "The Railroad Question," p. 186, and Hudson's "Railways and the Republic," chap. vii.

Poor's Manual, as is widely known, has put the original cost of the railroads at approximately the present bonded indebtedness. Mr. Van Oss, who is a defender of stock-watering on the ground that it prevents legislative reductions of rates, estimates that the bonds outstanding in 1890 cost the original investors not more than sixty-seven cents on the dollar, and that the stocks cost these investors not more than ten cents on the dollar. According to this approximation, the real investment contrasts with the nominal capitalization as follows: —

SECURITIES OUTSTANDING.		NOT HELD BY OTHER RAIL- ROADS AND SO DUPLICATED.	COST TO ORIGINAL INVESTORS.
Stocks	\$4,409,700,000	\$3,445,800,000	\$ 344,500,000
Bonds	4,123,900,000	3,680,900,000	2,466,200,000
Stocks and Bonds	\$8,533,600,000	\$7,126,700,000	\$2,810,700,000
Other Obligations	903,700,000		903,700,000
Total Capitalization, \$9,437,300,000			
Total investment			¹ \$3,714,400,000

It should be observed, however, that the sum upon which the public is really paying interest is not the total capitalization of the railroads, nor

¹ The figures in the first two columns are from the report of the Inter-State Commerce Commission for 1890 on the "Statistics of Railways," pp. 46 and 48. Concerning stocks, Van Oss's statement is verbatim, as follows: —

"But, for \$4,650,000,000 shares now in existence, the original investor certainly paid not more than \$465,000,000, or 10 per cent of their face value, and probably less. Hence shares now return at least 18 per cent per annum on the actual investment" (p. 139).

even the stocks and bonds not held by other railroads, but rather the sum upon which five per cent net is realized by the roads. This sum in 1890 was \$6,627,000,000.¹ Not from the standpoint of socialism, but from the standpoint of common morality, which condemns as robbery both the refusal of the public to pay interest upon capital actually lent it, and the compelling of the public to pay interest on capital never lent it, the two thousand and odd millions of railroad capital representing no investment is simply capitalized extortion.

But not even have the fruits of this extortion gone to the original investors. The expenditures of railroads, and the dividends they declare, have been so largely in the hands of loosely controlled directors, that railroad construction, railroad purchases, and railroad speculation have all served as means to divert the property of the stockholders on the outside, into the pockets of the managers on the inside. Nearly all the profits of this extortion from the public have passed into the hands of a comparatively few men intrusted with the management of the public highways.

But if the fruits of monopoly rates have been most inequitably distributed, so also have their burdens. The most disastrous influence exercised by the mismanagement of railroads has been

¹ "Statistics of Railways," 1890, p. 58.

owing to the discrimination practised between localities and between individuals. Despite the illegal agreements of railroad managers not to compete with each other, the great cities have enjoyed something approaching competitive rates; but the smaller towns and the country districts served by a single road have been charged all the traffic would bear. Wherever in these districts the fear of a neighboring road has led to any concessions from monopoly rates, these concessions have not been, as a rule, made openly to the public, but secretly to certain individuals.¹ In the great cities, also, these discriminations between individuals have been practised, and the result of the whole policy has been not only toward the building up of the great cities at the expense of the country districts, but also toward the concentration of business everywhere into the hands of those able to secure the lowest rates.²

All the great forces that have been affecting the distribution of wealth have been working in the same direction. The tax policy which has

¹ On this point, see the striking testimony of Ex-President A. B. Stickney, in his volume, "The Railroad Problem," chaps. iv. and xv.

² Two of the most powerful economic books written in this country relate to the subject here touched upon, "The Railway and the Republic," by J. F. Hudson; and "Wealth against Commonwealth," by Henry D. Lloyd. These volumes abundantly demonstrate the conservatism of the generalizations in the text.

burdened consumers for the benefit of manufacturers, the currency policy, which has burdened debtors for the benefit of creditors, and the railroad policy just described, have all worked for the impoverishment of the rural districts and the enrichment of the cities. When, therefore, we come to examine the present distribution of property, we find that the contrast between the East on the one side and the West and South on the other, so frequently spoken of, only exists in so far as the East is the section of the cities, while the South and West are the sections containing the great body of the farmers.¹ The contrast between the sections as regards the amount of property located within their borders is, perhaps, less marked than is commonly supposed. Indeed, there would be no contrast were it not that the South is now so pre-eminently the poor section of the nation, that its comparative poverty stands out even when one ignores the extent to which its railroads, its mines, and its mortgages are owned in the North. The amount of property located in the seceding States is now but \$2,600 per family, while it is \$6,000 per family in the

¹ In the East (the section north and east of the Potomac), only about one person in five is engaged in agriculture, while in the remainder of the country approximately one person in two is thus engaged.

remainder of the Union.¹ Did the property in the South all belong there, the white families of that section would still possess but half as much wealth as the same number of families in the old free States. The relative positions of the sections before the war have been exactly reversed, and to-day a sectional policy that injures the South is a sectional policy that injures the poor.

Nevertheless, the popular belief respecting a sharp contrast in wealth between the East as a whole and the West as a whole has abundant statistical justification, though no comprehensive figures can be presented exactly portraying the situation. The occasional statistics published respecting the ownership of public bonds, national and State, the occasional statistics respecting the ownership of railroads, the occasional statistics respecting the ownership of mortgages, and common observation respecting the ownership of mines, ranches, and city real estate, indicate, though they do not prove, that three-fourths of the public bonds, three-fourths of the railroads, and at least one-tenth of the real estate and real-estate mortgages located in the South and West, are held in the East or in Europe.²

¹ Census Bulletin No. 379. The exact figures are \$527 per capita, as against \$1,213.

² As illustrations, may be cited the following: The United States Census of 1880 showed that \$350,000,000 out of \$417,000,000 of registered bonds held by individuals were held in the Eastern

If these suppositions be reasonable, then the average wealth of the people living in the Eastern States is just twice as great as that of those living in the South and West.¹

This division, however, is merely indicated, and not demonstrated, by the official returns.

It does not, moreover, bring out the real sectionalism that has grown up respecting the distribution of wealth.

The people on the farms and in the villages in the East have shared no more in the

States, and that the coupons for \$465,000,000 out of \$538,000,000 coupon bonds were cashed in New York, Boston, Philadelphia, or Baltimore. \$221,000,000 of these last were believed to be owned abroad. The Indiana auditor's report for 1894 shows that the State's foreign debt is \$7,436,000, and its domestic debt but \$484,000. The latter is owed exclusively to the universities. The Iowa Railroad Commissioner's report for 1888 shows that of 28,000 stockholders in Iowa roads, but 589 were residents in Iowa; and these held but one-ninetieth of the stock. The census investigation of mortgages shows that in the East nearly all the mortgages are held by residents of the State, while in the West nearly one-half are held beyond the States' borders. The percentage held within the State varied on this wise:—

Massachusetts	97	Ohio	42
New York	95	Indiana	73
New Jersey	85	Illinois	52
Pennsylvania	93	Iowa	54

Mr. J. P. Duun, in an extremely able article on *The Mortgage Evil*, in the *Political Science Quarterly*, March, 1890, estimates the Eastern holdings of Western property at a larger figure than that given in the text.

¹ The exact figures would be as follows: The East and foreign holdings, \$31,500,000,000; the West and South, \$33,500,000,000. The East contains 30 per cent of the population; the West and South, 70 per cent.

advancing wealth of the past quarter of a century than the people on the farms and in the villages of the South and West. As late as 1880 the census estimated the value of farms as equal to the value of urban real estate, — ten billion dollars for each. In 1890 the value of the farms is returned as thirteen billions, and that of other real estate — nearly all urban — as twenty-six billions. In the Eastern States the farms had absolutely fallen in aggregate value. The small towns and villages have fared little better than the farms. The increased value of non-agricultural real estate is almost exclusively the increased value of city real estate. Fortunately the Census Bulletins present the data for a comprehensive contrast. The cities of over four thousand people, with one-third of the population, contain substantially as much taxable real estate as the remainder of the country.¹

This statement has no reference to where the property is owned, and therefore involves no estimated deductions from the property of the rural population, and no estimated additions to the property of residents in cities. It relates, furthermore, only to real estate. In the cities, as is gen-

¹ The assessed value of the real estate in these cities is greater than that of the rest of the country, — \$9,900,000,000 as against \$9,300,000,000; but this excess is due to the fact that in New England, where the city population is exceptionally large, the assessed valuations are exceptionally high. (Extra Census Bulletin No. 65.)

erally known and can be proven, the net amount of personalty owned fully equals the amount of real estate. On the farms, on the other hand, the tangible personalty held is almost offset by the mortgages belonging in the towns and cities.¹ In the towns and villages the amount of personalty is relatively somewhat less than in the cities. We have thus the material for the construction of a table showing approximately how the property of the nation is divided between city and country : —

	POPULATION.	REALTY. ²	PERSONALTY. ³
Cities (4,000 and over),	20,900,000	\$19,000,000,000	\$19,000,000,000
Rural districts . . .	41,580,000	20,500,000,000	6,500,000,000

	AGGREGATE.
Cities	\$38,000,000,000
Rural Districts	27,000,000,000

¹ Live stock on farms and ranches, and farm implements, \$2,703,000,000. Mortgages on acres, \$2,209,000,000. (Census Bulletin No. 379, and extra Census Bulletin No. 71.)

² The substantial justice of these divisions is supported by the consideration of the separate items which go to make up the national wealth. These, as presented in Census Bulletins 378 and 379, may be grouped as follows:—

Farms	\$13,279,252,649	
Other real estate	26,265,291,684	
Total real estate		\$39,544,544,333
Live stock on farms and ranges, farm implements, and machinery	\$2,703,015,040	
Mines and quarries, including product on hand	1,291,291,579	
Gold and silver coin and bullion . .	1,158,774,948	
Machinery of mills and product on hand, raw and manufactured . .	3,058,593,441	
Railroads and equipments, including \$283,898,519 street railroads . . .	8,685,407,323	
Telegraphs, telephones, shipping, and canals	701,755,712	
Miscellaneous	7,893,708,821	
Total personal property		25,492,546,864
Grand Total		\$65,037,091,197

In this estimate no allowance is made for foreign holdings;¹ but these hardly more than offset our public indebtedness,² which is property to its possessors, though not to the nation at large. If, therefore, we assume the substantial correctness of the official estimate of our aggregate wealth, we can hardly escape the conclusion that the average wealth of the families in the country districts does not exceed \$3,250, while the average wealth of the families in the cities does exceed \$9,000. When American political parties shall again divide upon issues vitally affecting the distribution of wealth, the clearly marked line of division will not be between East and West, but between city and country. More than was the South before the war, the cities are everywhere the strongholds of the rich; more than was the North before the war, the country districts are everywhere the strongholds of the middle classes. For, as will be seen, not only is the wealth of the cities far greater than the wealth of the country districts, but that wealth is in far fewer hands.

The
Statistical
Contrast.

¹ See Appendix V.

² See Appendix IV.

CHAPTER III.

THE PRESENT SITUATION.—DISTRIBUTION OF
PROPERTY BY CLASSES.

THAT the cities to-day, like the Southern States a generation ago, are the centres of extreme poverty as well as of extreme wealth, is a matter of common observation. But to determine the extent to which the wealth of the cities is the wealth of the few, and the wealth of the country the wealth of the many, demands a careful investigation into the distribution of property by classes. Very few such investigations have been made. Nevertheless, those that have been made agree marvelously in the results reached; and we do not in this country have to fight our way to the truth, against the misrepresentations of statesmen and economists.

The first of these investigations to which attention should be called, is that made by the Massachusetts Labor Bureau, and published in its report for 1873. This investigation did not include the cities of the State, but did cover more than half of its population, as many good-sized manufacturing and

Absence
of
Conflicting
Testimony.

Massachu-
setts Tax
Returns.
1873.

suburban towns were still without city charters. The number of families in these towns was approximately 160,000 as against 140,000 in the cities. The aggregate amount of taxable property in these towns was \$534,000,000 as against 1,163,000,000 in the cities. In other words, the average amount of taxable property returned in these towns was less than half the average in the cities of the State. The number of persons paying taxes upon property was nearly four-fifths the whole number of families resident. Among those paying such taxes, however, four-fifths held less than one-fifth of the property, while one-fiftieth held nearly as much property as all the remainder. The classification was as follows: —

AMOUNT OF TAX.	NO. OF TAX-PAYERS.	AVERAGE AMT. OF PROPERTY.	AGGREGATE AMT. OF PROPERTY.
Under \$50 .	81,574	\$ 1,079.97	\$ 88,098,000
\$50 to \$300 .	20,750	7,008.59	145,428,000
Over \$300 ¹ .	2,226	95,718.39	213,069,000

It is greatly to be regretted that the retirement of General Oliver, the head of the Massachusetts Labor Bureau, in 1873, was followed by the abandonment of his plan to make a similar classifica-

¹ It needs to be stated that the average tax rate was \$1.43 per hundred, so that those taxed on more than \$300 included practically all who were assessed upon more than \$21,000. In Massachusetts, real estate is assessed at its ordinary selling value. The table published in the text is the commissioner's corrected table, from which the returns for several towns are excluded because of obvious errors. These exclusions made no appreciable change in the proportions.

tion of tax-payers in the cities. The contrast would doubtless have been a sharp one. Twenty years later the assessing department of the city of Boston made a return which showed that the whole number of property tax-payers was less than one-fifth the number of families residing in Boston. For the same year the list of property owners taxed more than \$1,000 showed them to possess more than half the taxable property.

The next¹ important investigation to be consid-

¹ With the investigations made by the Michigan Labor Bureau, and published in the Reports for 1883 and 1892, it is unnecessary to detain the general reader. The earlier Michigan investigation was partisan on the side of radicalism. The conclusion reached that "one two-hundredth" of the population owned sixty per cent of the real estate was only obtained by selecting such counties as would include the city of Detroit in one part of the State, and one of the great mining companies in another part. The distribution of real estate in the agricultural districts did not differ materially from that shown by the federal census of 1850. The later Michigan investigation, covering only the city of Detroit, seems to have taken the number of real-estate owners by districts so small as to involve constant repetition of the same names. An aggregate of thirty-two thousand real-estate owners was reached among the forty-two thousand families resident in the city. Judging from the federal census of home ownership, the real number of real-estate owners did not exceed twenty thousand, for very few families own real estate who do not own their homes. (In Boston and New York the number of real-estate owners barely exceeds the number of home owners.) The reported thirty-two thousand were divided as follows:—

VALUE OF HOLDINGS.	NUMBER OF OWNERS.	AGGREGATE VALUES.
Under \$3,000	25,720	\$28,800,000.
\$3,000 to \$30,000	5,594	43,600,000.
\$30,000 and over	613	63,600,000.
	31,927	\$136,000,000.

ered is that made by the department of mortgages of the federal census, under the direction of Mr. George K. Holmes. No other country has carried through so intelligently or so honestly an investigation throwing so much light upon the present distribution of wealth. The number of farm and home owners for the entire country can be set forth in a single paragraph, or even in an eight-line table : —

	NUMBER.	
	<i>Owned.</i>	<i>Rented.</i>
Homes in Cities above 100,000	444,879	1,503,955
Homes in Cities from 8,000 to 100,000 . . .	629,092	1,120,487
Homes outside such Cities	1,849,700	2,374,860
Farms	3,142,746	1,624,433
	<u>6,066,417</u>	<u>6,623,735</u>
	PERCENTAGES.	
	<i>Owned.</i>	<i>Rented.</i>
Homes in Cities above 100,000	22.83	77.17
Homes in Cities from 8,000 to 100,000 . . .	35.96	64.04
Homes outside such Cities	43.78	56.22
Farms	65.92	34.08
Average	<u>47.80</u>	<u>52.20</u>

In other words, nearly half the families in America own the real estate they occupy. The proportion of owners, furthermore, is more than twice as great upon the farms, where the average wealth is least, as in the cities, where the average wealth is greatest. The wide distribution of property which is the characteristic of America, as distinguished from England, is only characteristic of her smaller

towns and her farming-districts. There, and there alone, can the middle classes become dominant in our political life; because there, and there alone, are the middle classes dominant in our industrial life.¹

But the census investigation did not stop here. The values of all mortgaged farms and homes were ascertained and classified; and from the mass of material thus obtained, Mr. George K. Holmes, the head of the department, has prepared a table setting forth the probable distribution of the entire wealth of the nation. The fact that Mr. Holmes is not a partisan, either of conservatism or radicalism, gives to his estimates an unwonted value. Though they have already been published in the *Political Science Quarterly* and in the *Journal of the Royal Statistical Society*, a brief summary is here adjoined: —

MR. HOLMES'S TABLE.

	FAMILIES.	WEALTH.
1. Tenants of Farms and Homes . .	7,871,099	\$ 2,837,049,500
2. Owners of Mortgaged Farms and Homes worth less than \$5,000 .	1,483,356	2,614,955,764
3. Owners of Free Farms and Homes worth less than \$5,000 . . .	3,078,077	10,946,616,952
4. Owners of Farms and Homes worth \$5,000 or over	1,257,620	48,600,000,000

¹ It is perhaps worth noting that in England the relative distribution of wealth in city and country is exactly the reverse; and for that reason chiefly has English liberalism been stronger in the cities. The concentration of wealth and the dominance of conservatism are inseparable.

In other words, one-tenth of the families hold about three times as much property as the other nine-tenths.

The writer was led to similar conclusions by an entirely different line of investigation. In 1892 the New York legislature passed an Act¹ requiring the surrogates to keep a public record of all estates brought under their jurisdiction, whether real or personal, with the estimated value of each.²

The
Surrogate
Court
Records in
New York.

The year following, the writer, who was lecturing upon this general subject in the School of Political Science of Columbia College, secured from the clerks of the Surrogate Courts in various parts of the State copies of these records for the three months ending December, 1892. These months were selected because during their progress no great estate was admitted to probate in New York City; and therefore a normal, or even a minimum, concentration was likely to be shown. The co-operation received from public officials was most

¹ "An Act in relation to taxable transfers of property." Approved April 30th. ("Laws of New York," 1892, chap. 399, pp. 814-822.)

² Among the assets included as personalty are included: "Goods, wares, merchandise, utensils, furniture, cattle, provisions (moneys unpaid on contracts for the lease of land), and every other species of property not hereafter specified." (Section 2713, as amended in 1893.) The exemptions permitted in the matter of books, clothing, furniture, and the like, were trivial, though they might have an aggregate value of a thousand dollars in the case of a wealthy family.

gratifying; and in the end returns were received from a majority of the counties in the State, — counties containing an aggregate population of more than five million.

The returns received from New York City were as follows: —

ESTATES.	NO.	VALUE.		AGGREGATE.
		REAL.	PERSONAL.	
\$50,000 and over . . .	53	\$4,471,900	\$7,965,611	\$12,437,511
\$50,000 to \$5,000 . . .	212	1,660,833	1,867,480	3,538,313
Under \$5,000 . . .	704	40,967	549,205	590,172
	969	\$6,173,700	\$10,382,296	\$16,565,996

The first important question to be determined was the approximate number of the property-owning classes. During these three months, twenty-five hundred men over twenty-five years of age died. If they owned any registered personalty, even the smallest account in a savings-bank, their estates had to pass through the Surrogate's Court before reaching the heirs. Yet the whole number of estates entered was less than one thousand, and the whole number of estates left by "males" was barely six hundred. In other words, only about one-fourth of the men who died left any property whatever, except their clothing and household furniture.¹ In the country at large the

¹ For the entire year 1893, more exact statistics can be given. The number of estates (testate and intestate) admitted to probate was 4,892. Of these, 62½ per cent, or 3,047, belonged to men. 12,079 men over twenty-five died during the year. (Report of the New York Board of Health for 1893.)

number of men over twenty-five is identical with the number of families. In New York City, however, this is not the case. This city contains a vast population of unmarried men, — immigrants from other countries and other parts of our own country. The proportion of propertyless families is therefore somewhat less than the proportion of propertyless men. If the death rate was normal during the period covered, the returns indicated about one hundred and ten thousand property-owning families.¹ The whole number of families in the city was three hundred and thirty thousand. In other words, two-thirds of the families are, in a strict sense of the word, propertyless.

This conclusion, though it is that which common observation has forced upon every one familiar with the East side of New York, shows how utterly fallacious is the savings-bank argument, so frequently employed by conservative statesmen and economists. In New York City the number of savings-bank accounts is nearly twice as great as the number of families. Generally speaking, every savings-bank account must pass through the Surrogate Court on the death of its owner.²

The
Savings-
Bank
Fallacy.

¹ In this calculation the official figures for the entire year 1893 are followed.

² There are joint accounts and trust accounts which do not, and also, in some banks, certain small accounts are paid over to the undertakers without the action of the Surrogate.

Yet two-thirds of the families not only possess no savings-bank account, but no registered property of any description. The conclusions reached by the Massachusetts Labor Bureau under General Oliver are incontrovertible. Great as are the benefits conferred by the savings-banks upon the more thrifty wage-earners, the bulk of deposits belong to a comparatively small class of well-to-do citizens.¹

Respecting the distribution of wealth among the propertied classes, the return for New York City showed that the small estates outnumbered the

¹ See the Reports of the Massachusetts Labor Bureau for 1872 and 1873. The conclusions especially indorsed are the following (Report, 1873, p. 228): 1. That persons not wage-laborers are depositors to at least one-half the total amount deposited. 2. That, as a rule, wage-labor deposits average under \$50 at one time. 3. That manufacturers, traders, and lawyers use these banks instead of banks of deposit. 4. That capitalists, persons living on their incomes, use these banks to escape taxation and the care necessitated by other investments.

The deposits made (at one time) in ninety savings-banks were classified as follows:—

	NUMBER.	AGGREGATE.
Deposits under \$50 at one time . . .	167,601	\$3,375,379
Deposits between \$50 and \$300 at one time	70,002	8,597,877
Deposits over \$300 at one time . . .	16,426	11,973,256

These Massachusetts reports speak of certain men making deposits in all parts of the State, and others who deposit a good many thousand dollars at a time in a single bank, depositing \$900 to themselves individually, and then as much more to themselves as trustees for each member of their family, and for A, B, C, D, etc., in succession. In Baltimore, Md., also, where the number of savings-bank deposits exceeds the number of families, the probate records show that two-thirds of the families possess no registered personalty. See Appendix IX.

medium and large ones as much as the more scholarly opponents of social reform would have us believe. The ratio was nearly three to one in favor of the estates less than \$5,000. But in value, all of these smaller estates combined represented but four per cent of the property, while the comparatively few estates exceeding \$50,000 were three times as valuable as all the remainder.

The principal criticism brought against these conclusions when first published¹ was based on the shortness of the period covered. This criticism would have been valid, had it not come from a conservative, and had not the three months selected been taken with a view to avoid an exaggerated statement of the present concentration of property. Partly to meet this criticism, and partly to determine the normal number of great estates admitted to probate, the investigation was continued so as to cover a period of two years. The records for the first three months had demonstrated — what, indeed, was inevitable — that the average value of the estates less than \$50,000 was the same from month to month.² To

¹ See *The Outlook*, Feb. 10, 1894.

² NEW YORK CITY.

Surrogate Court Record, October, November, and December, 1892.

ESTATES.	OCTOBER, 1892.		NOVEMBER, 1892.		DECEMBER, 1892.	
	NO.	VALUE.	NO.	VALUE.	NO.	VALUE.
\$50,000 and over .	12	\$3,441,000	20	\$3,239,250	21	\$5,757,261
\$50,000 to \$5,000 .	77	1,346,069	82	1,293,173	53	899,071
Under \$5,000 . .	262	184,037	251	205,516	191	200,619

determine their aggregate value it was only necessary to know their number. For the larger estates the value of each had to be ascertained. The record ran as follows:—

**Surrogate Court Record, New York City, during the Two
Years, October, 1892 — September, 1894.**

	ESTATES OVER \$50,000.		ESTATES UNDER \$50,000.	
	NO.	VALUE.	NO.	VALUE.
1892 (Oct., Nov., Dec.),	53	\$12,437,511	916	\$4,128,485
1893 (Jan., Feb., Mar.),	78	97,358,411 ¹	1,254	5,668,080 ²
(Apr., May, June),	96	24,023,039	1,325	5,989,005 ²
(July, Aug., Sept.),	61	10,343,850	971	4,388,920 ²
(Oct., Nov., Dec.),	91	21,279,528	1,021	4,614,920 ²
1894 (Jan., Feb., Mar.),	83	15,966,561	1,211	5,473,720 ²
(Apr., May, June),	95	14,857,015	1,119	5,057,880 ²
(July, Aug., Sept.),	74	13,787,023	881	3,982,120 ²
TOTAL . . .	631	\$210,052,938	8,698	\$39,303,130²

The estates over \$50,000 were divided into realty and personalty, as follows:—

Realty,	\$48,056,562
Personalty,	\$161,996,376

The results reached were briefly as follows: Including the Gould estate, which was entered during this period, the properties over \$50,000 aggregated five times as much as those smaller than that sum. Excluding this estate, the large properties aggregated three and a half times as much as the smaller ones.³

¹ The Gould estate was entered during this quarter. Realty, \$2,000,000; personalty, \$70,000,000.

² Estimated.

³ The latter method is the fairer; for even in New York City,

The numbers of the possessors of the large estates was but six per cent of the property owners, and represented but two per cent of the heads of families dying during these two years. The concentration of wealth in New York City, therefore, follows substantially the same lines as the concentration of wealth throughout Great Britain.

New York City, however, does not represent the country at large, nor even the great cities of the country. The real estate within it is more valuable than all the real estate in New England, excluding the city of Boston, and more valuable than all the real estate in the eight commonwealths between the Potomac and Texas, excluding nothing. An abnormal concentration of both wealth and poverty is everywhere known to exist within its borders. Brooklyn is more fairly representative of the large cities throughout the country. For Brooklyn, the records showed relatively three times as many owners of real estate, and a con-

Summary
for
Brooklyn.

and even in a two-years' record, such an estate as Mr. Gould's is exceptional. In an eight-year's record such an estate would be normal.

Foreign statisticians have a disposition to exaggerate the size of the great fortunes in America. Even so sensible a statistician as M. de Foville follows Leroy-Beaulieu in quoting for whatever it may be worth M. de Varigny's estimate respecting the wealth of our richest citizens. It ran as follows: J. Gould, \$275,000,000; J. W. Mackay, \$250,000,000; C. Vanderbilt, \$125,000,000; J. P. Jones, \$100,000,000.

siderable increase in the value of the smaller holdings. Nevertheless, even in Brooklyn the estates worth over \$50,000 contained over twice as much property as all the remainder; while the aggregate holdings of the middle and poorer classes — those owning less than \$5,000 — was but seven per cent of the total.¹

When we turn, however, to the distinctively agricultural counties, there is the sharpest kind of a contrast in the records. Unfortunately there are comparatively few such counties in New York State, and the Surrogates' records in many of these are most incomplete. Where every one knows to whom real estate belongs, it is not so essential that estates containing only realty shall pass through the Probate Court in order that the title of the heirs may be unquestioned. Furthermore, in some of these counties it was found that no statement had been required of the value of the realty in the

Summary for
Farming
Counties.

¹ The figures for Kings County ran as follows: —

	NUMBER.	REALTY.	PERSONALTY.	TOTAL.
\$50,000 and over . . .	27	\$2,872,100	\$4,101,000	\$6,973,100
\$50,000 to \$5,000 . . .	147	1,029,250	1,070,080	2,099,330
Under \$5,000	336	135,330	376,700	512,030
	510	\$4,036,680	\$5,547,780	\$9,584,460

The marked distinction between the New York and Brooklyn records was, that the latter showed comparatively few estates containing only personalty. The records indicated that 20 per cent of the families in New York, and 30 per cent of the families in Brooklyn, held over \$500.

estates which were brought into the courts. Fortunately, however, in a few farming counties the records were in good condition; and the best brought out clearly what the others indicated. The returns were as follows for five typical counties, containing no city and no village of over four thousand people: —

Record for Madison, Herkimer, Wyoming, Chenango, and Schoharie Counties, October to December, 1892.

	NUMBER.	REALTY.	PERSONALTY.	TOTAL.
\$50,000 and over .	3	\$ 56,000	\$195,000	\$251,000
\$50,000 to \$5,000 .	60	334,475	288,688	623,163
Under \$5,000 . .	149	243,525	221,733	465,258
	<u>202</u>	<u>\$634,000</u>	<u>\$705,421</u>	<u>\$1,339,421</u>

As the number of families in these counties was but 38,000, the record showed that nearly three-fourths of them owned registered property. Even that quarter of the families which might be classed as propertyless, included a considerable number of tenant farmers who owned some of the stock and implements with which they cultivated their farms.

This extremely wide distribution of ownership was supplemented by the extremely small proportion of wealth in the hands of the wealthy class. Estates of \$50,000 and over aggregated less than one-fifth of the wealth, while estates less than \$5,000 aggregated more than one-third. The average wealth of the whole population in these counties

Less Wealth
but Greater
Well-being.

was small compared with the average wealth in the cities; but the average well-being was greater, for the wealth ministered to the comfort and independence of the great mass of the citizens.

The distribution of wealth in the whole State of New York¹ is of less importance than the distribution in the district lying outside of the two great cities. This district is typical of the country at large; for if the distribution of property is wider in the distinctively agricultural States, it is much narrower in the excluded metropolis. The table for the State at large, outside of New York and Brooklyn, ran as follows:—

ESTATES.	NUMBER.	REALTY.	PERSONALTY.	TOTAL.
\$50,000 and over,	36	\$2,188,540	\$6,606,123	\$8,794,663
\$50,000 to 5,000 .	409	2,950,325	2,233,871	5,184,196
Under \$5,000 . .	1,427	989,668	1,095,430	2,085,098
	<u>1,872</u>	<u>\$6,128,533</u>	<u>\$9,935,424</u>	<u>\$16,063,957</u>

Before applying these proportions to the nation at large, it is perhaps well to state wherein this table does not represent the real distribution of property in territory covered. (1) The small holdings of

¹ The records received covered thirty-six counties, containing 4,625,000 people. The final table ran as follows:—

ESTATES.	NUMBER.	REALTY.	PERSONALTY.	TOTAL.
\$50,000 and over,	116	\$9,532,540	\$18,672,734	\$28,215,274
\$50,000 to 5,000 . .	768	5,640,408	5,171,437	10,811,845
Under \$5,000 . . .	2,467	1,165,965	2,021,335	3,187,300
	<u>3,351</u>	<u>\$16,338,913</u>	<u>\$25,865,506</u>	<u>\$42,214,419</u>

real estate should be increased about one-half, because of the failure to record real estate in many of the rural counties. It is chiefly the small holdings of realty that fail to be recorded. (2) The small holdings of personalty should be reduced about one-half, because the returns cover the gross possessions of the decedents. The small estates are pre-eminently the estates of borrowing shopkeepers and farmers. Often the payment of their debts leaves no personalty whatever, and lessens the amount of realty. Large holdings, on the other hand, are returned as low as possible, in order to avoid the inheritance tax on personal estates above \$10,000. All the surrogates' clerks reporting, state that the small estates are somewhat smaller than returned, and the large estates somewhat larger. No correction, however, need be made in the aggregate holdings of any class. It is only the relative proportions of realty and personalty that need to be changed. The corrected table would read: —

Distribution of Realty and Personalty.

	REALTY. ¹	PERSONALTY.
\$50,000 and over	\$2,250,000	\$6,750,000
\$50,000 to \$5,000	3,000,000	2,000,000
Under \$5,000	1,500,000	500,000
	\$6,750,000	\$9,250,000

¹ This division between realty and personalty would hold substantially true throughout the country. Under personalty the probate records, of course, include corporate holdings of real estate and all evidences of indebtedness.

Respecting the number of the property-owning classes, there is one point of unity between the table for this typical territory and those for the city of New York, on the one side, and the farming-districts on the other. The table for New York City showed that one-eighth of all the families held more than \$5,000 worth of property. The census investigation of mortgages showed that about one-eighth¹ of the farms of the country were worth more than \$5,000. With a normal death-rate the table for New York outside of the two great cities shows just the same proportion of well-to-do families. We may therefore say with much precision that approximately one-eighth of the families of the nation, city, town, and country hold more than \$5,000. The proportion holding over \$50,000 is exceptionally great in the large cities, and exceptionally small in the country districts; but the proportion in the intermediate territory selected may be safely assumed for the entire nation. The table for the nation at large would therefore read: —

	NO. OF FAMILIES.	AGGREGATE WEALTH.
\$50,000 and over	125,000	\$33,000,000,000
\$5,000 to \$50,000	1,375,000	23,000,000,000
Under \$5,000	11,000,000	9,000,000,000 ²
	12,500,000 ³	\$65,000,000,000

¹ Extra Census Bulletin No. 98, pp. 15 and 16.

² Nearly one billion dollars added for small estates containing only household goods and the like.

³ By a family, throughout this essay, is meant a family of five.

The attempt to separate the families with less than \$5,000 into small property owners and propertyless laborers brings out the encouraging feature of the situation in America, both as compared with Great Britain and absolutely. A comparison of the table above with that on page 22 brings out the fact that, despite the difference in population, the number of wealthy families in the United States is but little larger than the number in Great Britain, and their aggregate wealth less.¹ It also makes apparent that the number of the well-to-do class is three times as large in the United States as in Great Britain. But the most striking contrast between the two countries lies in the greater number of our independent small property owners.

The
Encouraging
Feature.

The census investigation of mortgages brought out clearly the great number of property-owning families, and the investigation of the probate court records supplements in a natural way the conclusions there reached. The census investigation showed that in New York City but $6\frac{1}{3}$ per cent of the families owned their homes. The probate

¹ Despite the enormous fortunes of the Goulds, Rockefellers, Vanderbilts, and Astors, which perhaps aggregate \$600,000,000, the writer believes that the aggregate wealth of 4,047 millionnaires given in the *Tribune's* list hardly exceeds ten billion dollars. It is true that Mr. Holmes estimates their minimum possessions at this sum and their maximum possessions at fifteen billions; but the statistics which have come to the writer's attention indicate that the minimum estimate is much the closer.

court records showed that fully 20 per cent held either realty or personalty to the value of \$500. The census investigation showed that $18\frac{1}{2}$ per cent of the families in Brooklyn owned their homes. The probate court records showed that fully 30 per cent owned either realty or personalty to the value of \$500. In the counties containing but a small urban population, there were relatively few estates that did not contain realty; but in all the counties there were some estates of this description. Altogether, the returns indicated that in the cities of the country the number of families owning over \$500 worth of property was perhaps one-third greater than the number owning their homes, while in the small towns and rural districts it was perhaps one-sixth greater. As very few holdings of real estate are valued at less than \$500,¹ we are led to the conclusion that in the nation at large the number of families worth more than \$500 is perhaps one million in excess of the number owning their homes or farms.² In other words, there are about seven million property-owning families, and only about five and a half million who could justly be spoken of as propertyless. If, then, we assume that the latter, as a

¹ Only five per cent of the mortgaged homes and farms are valued at less than \$500. (Extra Census Bulletin 98.) In the South many of the farms owned by negroes are worth less than \$500, but there are not one hundred thousand such farms.

² See table on page 53.

rule, have household property worth \$150, the final table stands as follows: —

THE UNITED STATES, 1890.

ESTATES.	NUMBER.	AGGREGATE WEALTH.	AVERAGE WEALTH.
The Wealthy Classes, —			
\$50,000 and over . . .	125,000	\$33,000,000,000	\$264,000
The Well-to-do Classes, —			
\$50,000 to \$5,000 . . .	1,375,000	23,000,000,000	16,000
The Middle Classes, —			
\$5,000 to \$500	5,500,000	8,200,000,000	1,500
The Poorer Classes, —			
Under \$500	5,500,000	800,000,000	150
	<u>12,500,000</u>	<u>\$65,000,000,000</u>	<u>\$ 5,200</u>

The conclusion reached, therefore, is as follows: Less than half the families in America are propertyless; nevertheless, seven-eighths of the families hold but one-eighth of the national wealth, while one per cent of the families hold more than the remaining ninety-nine.¹

Final
Summary.

¹ Since the completion of this study, a volume has appeared that must set at rest all question as to extreme moderation of the estimates reached. Part II. of the Report of the Massachusetts Bureau of Labor Statistics for 1894 publishes the inventoried probates for the entire State of Massachusetts during the three years 1889, 1890, and 1891. Although the estates for which no inventories are filed are, as a rule, the largest, the following concentration of property is exhibited: —

INVENTORIED ESTATES IN MASSACHUSETTS, 1889-1891.

	NUMBER.	VALUE.
Under \$5,000	10,152	\$16,889,479
\$5,000 to \$50,000	3,947	53,489,893
\$50,000, and over	509	85,179,416
	<u>14,608</u>	<u>\$155,558,788</u>

In other words, the estates of \$50,000 and over aggregated 55 per cent of the total amount of property; while estates less than

\$5,000 aggregated but 11 per cent of the total. Additional value is given to this Massachusetts report by the fact that a similar investigation was made of the probate records for the years 1879-1881, 1859-1861, and 1829-1831, and the results published. A summary for all these periods may be found in Appendix X. The most interesting period, of course, is that for the years 1829-1831. For this the record in a condensed form ran as follows:—

INVENTORIED ESTATES IN MASSACHUSETTS, 1829-1831.

	NUMBER.	VALUE.
Under \$5,000	3,168	\$3,626,816
\$5,000 to \$50,000	494	5,909,429
\$50,000, and over	36	4,957,862
	<u>3,698</u>	<u>\$14,494,107</u>

In comparing these earlier returns with those for the present time, the same caution must be used as in comparing those for the agricultural counties in New York with those for the cities. In 1830 the greater part of Massachusetts was an agricultural section, and small holdings of real estate were usually transferred to the heirs without passing through the probate courts. Nevertheless, the contrast exhibited by the records is striking enough. The larger estates were almost exclusively in the city of Boston and the manufacturing and shipping districts immediately about it. The record for the western half of Massachusetts, which was a section industrially typical of almost the entire North, ran as follows:—

INVENTORIED ESTATES IN WESTERN MASSACHUSETTS,

1829-1831.

	NUMBER.	VALUE.
Under \$5,000	1,142	\$1,206,402
\$5,000 to \$50,000	124	1,202,411
\$50,000, and over	3	238,486
	<u>1,269</u>	<u>\$2,647,299</u>

In other words, these Probate Court returns, which at least register with much accuracy the distribution of personal property, confirm the conclusion drawn from the distribution of real estate in 1850,—that prior to the Civil War the great bulk of the wealth of the North was in relatively small estates.

PART II.

THE DISTRIBUTION OF INCOMES.

PART II.

THE DISTRIBUTION OF INCOMES.

CHAPTER IV.

EUROPEAN INCOMES.—SHARES OF LABOR AND CAPITAL.

THE forces which have determined the distribution of property are identical with those which have determined the distribution of incomes. In fact, these forces as a rule have borne directly upon the distribution of incomes, and through this means have changed the distribution of property. This rule is likely to be maintained. The future laws which shall make better or worse the distribution of property are likely to accomplish their end, not by the bodily transfer of property from one class to another, but by making more equal or more unequal the distribution of the future incomes of the people.

The
Forces in
Control.

In examining the question, how the incomes of the people are at present distributed, we find our work made easier instead of harder by what

has been done by European statisticians. Indeed, on this point it is the American statisticians who have done the more careless work. The absence of an income tax here has been chiefly responsible for this, while the absence of a general property tax in most countries in Europe has been partly responsible for the unwarranted estimates of European statisticians respecting the distribution of property.¹ The income tax statistics of England and Switzerland,² at least, make perfectly definite the distribution of incomes in those countries, and indicate the distribution in all countries where industrial conditions are similar.

¹ For example: M. Leroy-Beaulieu expresses the opinion — and M. de Foville quotes it — that “three-fourths of the accumulated fortunes . . . are in the hands of workmen, laborers, small tradespeople, and the owners of small capitals.”

² The tax statistics of Switzerland — the one European country having the general property tax — are as conclusive as those of the United States respecting the present concentration of property. Those of the city of Basel can be given for two dates four centuries and a half apart. The contrast between them throws light upon the contention that inequalities of fortune have tended to disappear in modern times.

PROPERTY TAXES IN BASEL IN 1429.

(Population about 10,000.)

SIZE OF HOLDINGS.	NUMBER OF TAX-PAYERS.	PER CENT OF TOTAL PROPERTY.
Below 3,000 francs (150 gulden)	1766	7
3,000 to 20,000 francs	552	20
20,000 to 100,000 francs	180	40
100,000 to 500,000 francs	30	33
Above 500,000 francs	0	0

Fortunately the most searching and most widely known examination into the distribution of incomes in the United Kingdom was not made in a partisan spirit. The conclusions reached by Dudley Baxter for the year 1868 ran as follows: ¹—

England
in 1868.

UNITED KINGDOM IN 1868; 6,200,000 families.

SIZE OF INCOMES.	NUMBER OF INCOMES.	AGGREGATE INCOMES.
£1,000 and upwards	57,300	£209,481,000
£1,000 to £100	1,204,700	198,673,000
Under £100 ²	12,458,000	405,965,000
	<u>13,720,000</u>	<u>£814,119,000</u>

In brief, less than one per cent of those receiving incomes received one-quarter of the nation's income, while about ten per cent received as much as the

PROPERTY TAXES IN BASEL IN 1879.

(Population about 63,000.)

SIZE OF HOLDINGS.	NUMBER OF TAX-PAYERS.	PER CENT OF TAXED PROPERTY.
Below 3,000 francs	Untaxed.	
3,000 to 20,000 francs	2,078	3
20,000 to 100,000 francs	1,319	13
100,000 to 500,000 francs	504	24
Above 500,000 francs	212	60

The authority for the fifteenth century is Schönberg, "Finanz Verhältnisse der Staat Basel im Fünfzehnten Jahrhundert," pp. 139-140, and table. That for the nineteenth, Schanz, "Die Steuern der Schweiz," vol. ii., p. 48. Schönberg's table in full, with an estimate of the total possessions of each class, will be found in Appendix VIII. The untaxed holdings in 1879 did not amount to much more than one per cent of the total. The wealthy class—paying on more than \$100,000—owned 60.4 per cent of the taxable property, and 60 per cent of all the property.

¹ "Taxation of the United Kingdom," by R. D. Baxter, p. 64.

² See note on following page.

remaining ninety. M. Leroy-Beaulieu, in his volume on the Distribution of Wealth,¹ has had the courage to say that the "English statisticians who have treated this subject, as M. Dudley Baxter, have done so in a superficial way." The humor of this observation, when made by M. Leroy-Beaulieu, will be apparent when we come to examine how profound were his own investigations. The point to be considered here is the light which subsequent investigations have thrown upon Baxter's conclusions. Within a very recent period we have had Mr. Charles Booth's investigation of incomes among the very poor in London. The conclusion he reaches² is that thirty per cent of London families receive at most £54 a year; yet Baxter assumed that the poorest thirty per cent of all families in the kingdom averaged £50 a year. Within the present year we have received

NOTE TO TABLE ON PAGE 75. — The incomes under £100 were made up as follows: —

	NUMBER.	AGGREGATE.
"Middle Class" Incomes under £100	1,497,000	£ 81,320,000
Higher Skilled Labor and Manufactures, 28 to 35 shillings weekly for Men.	1,345,000	66,353,000
Lower Skilled Labor and Manufactures, 21 to 25 shillings weekly for Men.	5,087,000	160,652,000
Agriculture and Unskilled Labor, 12 to 20 shillings weekly for Men	4,529,000	97,640,000

These are incomes for individual wage-receivers, not for families. Family wages were more than double. In all the poorer classes, there were on the average 2½ wage-earners to each family of five.

¹ "De la Répartition des Richesses," p. 573.

² "Life and Labor of the People" (1891), p. 21.

the Board of Trade Blue Book, giving the wages of manual laborers in 1886. This return makes the average wages of men in the skilled trades to range from 25 to 32 shillings a week.¹ Mr. Baxter assumed that they ranged from 28 shillings to 35 shillings. In other words, Baxter's estimate of wages in 1868 is higher than can be assumed for English laborers at the present time.

On the other hand, respecting the income of the capitalist class, Mr. Baxter merely assumed the same concentration throughout the income-tax schedules as exists in the incomes from "trades and professions." But incomes from the trades and professions are, to a large extent, incomes from personal exertions. They are of necessity less concentrated than incomes from capital. Lacking the returns of the "New Domesday Book" to tell of the distribution of land, and lacking the classified returns now published respecting the taxation of inheritances, it would have been hazardous for Baxter to assume the concentration of capital we know to exist.

If, therefore, we should construct a table showing the present concentration of incomes in England, we could not assume England
in 1885. greater average wages for the laborers than Baxter assumed; and we should have

¹ General Report on the Wages of the Manual Labour Classes in the United Kingdom. 1893. C— 6889, pp. xiii., xxix., 470.

to assume that the incomes from capital were distributed in about the same way that capital is distributed.¹ The number of persons having incomes above £1,000 from all sources would be

¹ Taking the year 1885 (see Appendix VI.), we find the national income to stand as follows:—

I. INCOME FROM PROPERTY ALONE.—	
Schedule A. Lands, Houses, etc.	£194,000,000
Schedule C. Public Funds	41,000,000
Schedule D. Public Companies	112,000,000
Foreign investments not returned	50,000,000
	£397,000,000
II. BUSINESS AND PROFESSIONAL INCOMES.—	
Schedule D. Trades and Professions	£180,000,000
Schedule E. Public Officers' Salaries, etc.	38,820,000
Schedule B. Farmers' Profits	65,230,000
Incomes between £150 and £100	29,000,000
	£313,050,000
III. INCOMES BELOW £100.—	
(Baxter's basis) (Population, 1885, 36,000,000)	£470,000,000
Total income	
	£1,180,450,000

The division into classes would be about as follows:—

INCOMES OVER £1,000.—

From property, £300,000,000, or 75 per cent of the incomes assessed.
(See page 22.)

From business and professions.

Schedule D, £100,000,000, or 56 per cent of the incomes assessed.
(See official returns, Appendix VII.)

Schedule E, £10,000,000, or 20 per cent of the incomes assessed.
(See official returns, Appendix VII.)

Schedule B, £10,000,000 (estimate).

Total, £420,000,000.

INCOMES, £1,000 to £100.—

From property, £97,000,000, or remainder of the incomes assessed.

From business and professions, £193,000,000, or remainder of such incomes.

Total, £290,000,000.

INCOMES BELOW £100.—

From property and labor, £470,000,

Total, £1,180,000,000.

proportionately about twice as great as in Baxter's estimate, while the number in the two other classes would only increase in proportion to the population. The minimum concentration would be as follows :—

United Kingdom in 1885.

INCOMES.	NUMBER.	AGGREGATE.
£1,000 and over	130,000	£420,000,000
£1,000 to £100	1,400,000	290,000,000
Below £100	14,500,000	470,000,000 ¹
	16,030,000	£1,180,000,000

In brief, about one per cent of those having incomes receive over thirty-five per cent of the national income, while about ten per cent receive half as much again as the remaining ninety.

This conclusion may seem striking to those who have followed the literature on this subject since the distribution of wealth became a serious question. Leroy-Beaulieu, the author of the largest work on this subject, has reached a conclusion very different. If, however, we examine the evidence he submits, we find the situation in Paris strikingly similar to that in Great Britain. In the absence of an income tax, he sensibly and conscientiously constructs the following table from the statistics of the tax on rents:—

Parisian
Incomes
in 1878.

¹ This figure would, of course, be much less if based on income tax returns instead of liberal estimates as to real wages.

Parisian Incomes, 1878. (BY NUMBER.)

Leroy-Beaulieu's Table.

NO. OF APART- MENTS.	PER CENT OF NUMBER.	(ASSESSED RENT 3-4 REAL RENT).	INCOME OF OCCUPANT.
468,641	68.4	Below 300 francs	Below 2,400 francs
74,360	10.8	300 to 500	2,400 to 4,000
61,083	8.9	500 to 750	4,000 to 6,000
21,147	3.1	750 to 1,000	6,000 to 7,500
17,202	2.5	1,000 to 1,250	7,500 to 10,000
6,198	.9	1,250 to 1,500	10,000 to 12,000
21,453	3.1	1,500 to 3,000	12,000 to 32,000
9,985	1.5	3,000 to 6,000	32,000 to 70,000
3,049	.5	6,000 to 10,000	70,000 to 133,000
1,413	.235	10,000 to 20,000	133,000 to 266,000
421	.065	Exceeding 20,000	Exceeding 266,000
684,952			

This table is open to criticism only at the beginning and at the end. The assumption that the very poor pay no larger proportion of their incomes for rent than do the classes above them violates common observation, not only in America, but in France. The Constituent Assembly, as Leroy-Beaulieu states in another volume,¹ when it attempted to tax every citizen in proportion to his income, assumed that a rent of 100 francs indicated an income of double this sum; that rents from 101 to 500 francs indicated an income treble; that rents from 501 to 1,000 francs indicated an income four times as great; and so on, until rents of 12,000 francs and upward were assumed to indicate an income twelve times as great. This scale

¹ "Traité de la Science des Finances," vol. i., p. 382.

was indeed too strongly progressive ; but every one familiar with working-class families in our great cities knows that the poorer of these families usually pay one-quarter of their incomes for the rent of an unheated apartment, while the poorest often pay one-third. At the other end of its scale the Constituent Assembly did not exaggerate the proportion which incomes bear to rents. It is the exception when the rental value of the houses of the rich equals one-twelfth of their aggregate incomes.¹

Nevertheless, the table is a conscientious one ; and the important point is, what does it show ? Leroy-Beaulieu claims that the extreme fewness of the great incomes demonstrates the fallacy of the popular notions respecting the concentration of wealth. If, however, the aggregate of these incomes be estimated upon the basis he himself lays down, it will again be found that common observation is more trustworthy concerning matters within its field than the conclusions of experts who scorn it. When completed, the estimate stands as follows :—

¹ In New York City, according to a recent investigation of the tax records, under the direction of Mr. Edmund Kelley, the assessed value of the residences of the richest men in the district covered ran as follows :—

Estate of Jay Gould	\$225,000
J. D. Rockefeller	165,000
Mrs. W. H. Vanderbilt	550,000
Russell Sage	70,000

The average was about one per cent of the value of their property.

Parisian Incomes. (By Amount.)

NUMBER OF APARTMENTS.	INCOMES OF OCCUPANTS.	ESTIMATED AVERAGE.	TOTAL INCOMES.	PERCENTAGE OF AGGREGATE INCOME.
468,641	Below 2,400 francs	1,600 francs	750,000,000 francs	24
74,360	2,400 to 4,000 francs	3,000 francs	220,000,000 francs	7.04
61,083	4,000 to 6,000 francs	4,666 francs	285,000,000 francs	9.1
21,147	6,000 to 7,500 francs	6,500 francs	135,000,000 francs	4.32
17,202	7,500 to 10,000 francs	8,333 francs	145,000,000 francs	4.64
6,198	10,000 to 12,000 francs	10,666 francs	65,000,000 francs	2.1
21,453	12,000 to 32,000 francs	18,666 francs	400,000,000 francs	12.8
9,985	32,000 to 70,000 francs	44,666 francs	445,000,000 francs	14.24
3,049	70,000 to 133,000 francs	91,000 francs	275,000,000 francs	8.8
1,413	133,000 to 266,000 francs	176,000 francs	255,000,000 francs	8.16
421	Above 266,000 francs	350,000 francs	150,000,000 francs	4.8
684,952			3,125,000,000 francs	100

In a condensed form the table stands thus : —

NUMBER OF INCOMES.	CLASSES OF INCOMES.	AMOUNT OF INCOMES.	PER- CENTAGE OF NO.	PER- CENTAGE OF AMT.
468,641	Below 2,400 f.	750,000,000 f.	68.4	24
156,590	2,400-7,500 f.	640,000,000 f.	22.8	20.46
44,853	7,500-32,000 f.	610,000,000 f.	6.5	19.54
14,868	Above 32,000 f.	1,125,000,000 f.	2.3	36
<u>684,952</u>		<u>3,125,000,000 f.</u>	<u>100</u>	<u>100</u>

In brief, the incomes above \$6,000, though numbering less than two and a half per cent of all, aggregated more than one-third of the total income of the city; while incomes above \$1,500, though numbering less than ten per cent of all, aggregated more than one-half of the total income. The situation is thus very similar to that found in Great Britain.

In Germany the degree of concentration is less than in Great Britain or Paris, though each decade and each reform in the method of assessing the income tax reveals greater concentration. A dispassionate statement of the change that has been going on was made by the late Professor Roscher.¹ Between 1852 and 1873 the number of incomes in Prussia assessed between \$300 and \$750 increased 175.5 per cent; the number assessed between \$9,000 and \$18,000 increased 470.6 per cent; while the number assessed at more than

Increase
of Large
Incomes in
Germany.

¹ "Political Economy," Book III., chap. vii., sec. ccv.

\$40,000 increased 2,200 per cent. This disproportionate increase of large incomes continues to the present day. Soetbeer's table of Prussian incomes for 1890 is shown to be obsolete, or worse, by the assessments for 1892-1893. His estimates for the large incomes must be doubled to conform with the newer tax lists. From these it appears that a little over 1 per cent of those receiving incomes hold more than 20 per cent of the income of the kingdom, while 10 per cent hold nearly one-half of it.¹

From the German tax lists, however, less exact conclusions can be drawn than from those of England and Switzerland, where the incomes taxes are more loyally accepted and more effectively administered. It is the returns from Switzerland, perhaps, which have the greatest value to American students; for

The Swiss
Returns.

¹ The returns for the year 1892-1893 published in the "Bulletin de Statistique et Législation Comparée," issued by the French Ministry of Finance for 1892 (p. 521, *et. seq.*), shows the following division of the taxable income in Prussia:—

INCOMES.	NUMBER.		AGGREGATE INCOME.
Above 6,000 marks .	112,125	(about)	1,900,000,000
Above 3,000 marks .	316,889		2,812,000,000
3,000-900 marks . .	2,118,966		2,912,000,000
	2,435,855		5,724,000,000

There remain about 4,000,000 families (or 7,800,000 incomes) not reached by the income tax. The average assessable income of these families could not exceed 800 marks. On a tax basis, therefore, the income of Prussia would not exceed 8,900,000,000 marks (about \$2,200,000,000).

Switzerland is almost as pre-eminent in Europe for the wide distribution of her wealth as for the radical democracy of her people.

In the city of Basel the distribution of incomes is less wide than in the Swiss nation at large ; but it is the only canton — or rather half canton — that taxes each citizen's income from property along with his income from personal services. For this reason the tax records there reveal the distribution of incomes with exceptional clearness. That the distribution of property in this city, as we have seen, follows almost exactly the same lines as the distribution of property in the United States makes the situation there especially interesting here. The records run as shown in table on page 86.¹

Before determining the percentage of the whole income possessed by each class in Basel, it is necessary to remember that over six thousand families were untaxed because the incomes of their heads were less than 1,200 francs. Assuming that the incomes of these families averaged nearly 1,000 francs, the assessable income of the whole city was an even 50,000,000 francs. The wealthiest classes, therefore, held approximately 53 per cent of the city's income.

When, however, every possible deduction has been made, the results reached most strikingly

¹ G. Schanz, "Die Steuern der Schweiz," vol. ii., p. 66, *et seq.*

Taxation of Incomes in Basel, 1881 (New Law).
(Population, 55,000.)

TAX RATES.	CLASS OF INCOMES.	NUMBER OF PAYERS.	AMOUNT OF TAX (FRANCS).	PER CENT OF TOTAL TAX.	ESTIMATED AVERAGE INCOME (FRANCS).	AGGREGATE INCOME (FRANCS).	PER CENT OF TOTAL INCOME.
5 FRANCS . . . {	s ¹ 800 to 1,200 m ² 1,200 to 1,500	1,907	9,965	.89	1,300 (max.)	2,600,000	6
10 FRANCS . . . {	s 1,200 to 1,500 m 1,500 to 1,800	1,247	12,503	1.12	1,600 (max.)	2,000,000 (Official) 5,600,000	4½
1 PER CENT . . . {	s 1,500 to 4,000 m 1,800 to 4,000	2,214	55,999	5.01		(Official) 4,800,000	12½
1 TO 2 PER CENT —							
1 on 1st 4,000 . . {	4,000 to 8,000	860	62,018	5.55			11
2 on 2d 4,000 . . }							
1 TO 3 PER CENT —							
1 on 1st 4,000 . . {	8,000 to 12,000	242	45,729	4.09		(Official) 2,500,000	6
2 on 2d 4,000 . . }							
3 on 3d 4,000 . . }							
1 TO 4 PER CENT —							
1 on 1st 4,000 . . {	12,000 and over	560	931,710	83.34		(Official) 26,650,000	60
2 on 2d 4,000 . . }							
3 on 3d 4,000 . . }							
4 on over 12,000.							
		7,120	1,117,924	100		44,150,000	100

¹ "s" single.

² "m" married.

confirm the conclusions indicated by the returns for the United Kingdom and Paris. In this Swiss city, where all but the very small incomes are given officially, the wealthiest 5 per cent of the families held more than half of the income, and the wealthiest 10 per cent fully three-fifths of it. The similarity, however, between this result and that reached for the United Kingdom and for Paris does not indicate that incomes are as concentrated in Basel as in Paris or England, but merely demonstrates that the estimates previously given respecting the concentration of incomes were minimum estimates.

Summary
for Basel.

Before leaving the official statistics of Europe, it is worth while to determine as nearly as possible what proportion of the aggregate income goes as a return to capital and what proportion as a return to labor.

The Share
of Capital
in Basel.

The income from capital, it must be noticed at the outset, is much less than the income of the capitalists. Particularly in commercial and manufacturing enterprises a large share of the profits is merely the return for the labor of the manager. In the city of Basel, however, it is comparatively easy to separate the two elements, because of the completeness of the returns for property as well as incomes. The amount of property taxed in 1879¹ was 414,000,000 francs,

¹ G. Schanz, "Die Steuern der Schweiz," ii., p. 48.

though holdings valued at less than 3,000 francs were untaxed. On a 5 per cent basis, the income from this property was about 20,000,000 francs; the aggregate income of the city, as we have seen, was about 50,000,000 francs. Capital, therefore, received approximately 40 per cent of the total; and labor, including that of professional men and managers, approximately 60 per cent.

This division is the one to which the data for other countries generally point. For France, the most authoritative estimate of the national income is that of M. de Foville,¹ which places it at \$5,000,000,000, or twenty-five milliard francs. Respecting the income from property, he says: "We can be tolerably certain that the landed revenue is about five milliards of francs, and that personal property produces at the present moment an income not merely equal, but superior, to that of real property. This gives a minimum of ten milliard francs for the income from wealth already acquired."² Here, again, we have exactly 40 per cent of the national income reckoned as the share of capital, and 60 per cent accredited to "wages" and other "personal gains in agriculture industry, arts, and commerce."

Shares of
Capital and
Labor in
France.

¹ *Journal Royal Statistical Society*, December, 1895, pp. 612, 613.

² 10,000,000,000 francs is not quite 5 per cent upon the estimated value of the private property in France, after household furniture is excluded. *Cit. supra*, p. 608.

For Germany we have no generally accepted estimate as to the amount of property, and therefore the income from property can only be conjectured. In Saxony the income-tax returns are made out so as to show the source of the revenues. Those for 1888 run as follows:¹—

Shares of
Capital and
Labor in
Germany.

From Lands and Houses	247,452,000 marks.
From Stocks and Negotiable Securities . .	167,846,000 “
From Salaries and Wages	583,812,000 “
From Profits in Trade and Industry . . .	443,775,000 “
	1,442,885,000 marks.
Deduct Interest on Debts	105,261,000 “
	1,337,624,000 marks.

If the incomes from land, houses, and negotiable securities be placed to the credit of capital, and if one-half the profits from trade and industry are reckoned with salaries and wages to the credit of labor, we should again make labor's share 60 per cent of the aggregate income, and capital's share 40 per cent. The returns, however, are not trustworthy enough to furnish any basis for exact estimates. The returned incomes from securities and business profits should perhaps be doubled; even wages are returned at much less than their actual amount.

In the United Kingdom capital's share of the aggregate income is greater than on the Conti-

¹ V. Böhmert, in “Der Arbeiterfreund,” 1890, p. 307.

nent, because of the large revenues received from foreign investments. On the basis of the income-tax returns, the national income cannot be estimated as high as £1,200,000,000.¹ The income from property, however, exceeds £500,000,000.² The share of capital is considerably in excess of 40 per cent.

It is true that a different conclusion has been reached by Mr. Giffen in his widely read essay on the progress of the working-classes in the last half-century. Mr. Giffen seems to accept the conclusion that the share of capital was formerly nearly 40 per cent of the national income, but he vehemently urges that it is now much less. His argument is briefly as follows:—

1. He publishes statistics indicating that, during the last half-century, weekly wages have increased about 65 per cent. 2. He states that the hours of labor have generally been reduced. 3. He concludes that yearly wages have been increased 100 per cent. Just how a reduction in the hours of labor should increase the yearly wages, without increasing the weekly wages, he does not explain. Having reached his remarkable

¹ See table, p. 78.

² See Appendix VIII. Subtract one-half from farmers' profits and income from property of poorer classes, but double Schedule C to include national debt.

conclusion, however, he presents the following tables:—

I. — Incomes assessed for Income Tax.

	1881.		1843.	
	FROM CAPITAL.	FROM SALARIES, ETC.	FROM CAPITAL.	FROM SALARIES, ETC.
Schedule A —	£	£	£	£
Real estate	187,000,000	nil	98,000,000	nil
Schedule B —				
Occupation of Land .	25,000,000	44,000,000	20,000,000	36,000,000
Schedule C —				
Public Loans	40,000,000	nil	29,000,000	nil
Schedule D —				
Part I., Trades and Professions	64,000,000	100,000,000	29,500,000	46,500,000
Part II., Corporations,	91,000,000	nil	12,000,000	nil
Schedule E —				
Salaries, etc.	nil	33,000,000	nil	11,000,000
	407,000,000	177,000,000	188,500,000	93,500,000

II. — National Income.

	1881.	1843.
Capitalist classes from capital	£400,000,000	£190,000,000
Working incomes in income-tax returns . .	180,000,000	90,000,000
Working income not in income-tax returns,	620,000,000	235,000,000
	£1,200,000,000	£515,000,000

The estimates in the first table are judicial; and, fortunately, the striking errors in the second table are confined to the estimates for 1881, regarding which we have abundant evidence.

In the first place Mr. Giffen omits the untaxed income of the capitalist class from foreign investments. This, in his essay on the national wealth

in 1885, he estimates at £50,000,000,¹ and the figure ought not to be reduced. In the second place, he omits the untaxed income of small property owners from their property. This, in the essay referred to, he estimates at £67,000,000, and the figure ought not to be reduced much more than a half. In the third place, he assumes that the income of working-class families from labor averages £100 a year. Upon this point the recently published report of the Board of Trade upon wages in 1886 shows that the combined wages of a man and a boy averaged but £73 a year in the leading urban industries, and only about two-thirds as much in agriculture. Seventy pounds a year would be an absurdly high general average of the real wages of working-class families, and we may omit from consideration the lower figure at which they would be returned for taxation. Making only the more obvious corrections in Mr. Giffen's table, the figures stand as follows:—

	1881.
Capitalist classes from capital	£450,000,000
Working classes from capital	30,000,000
All	£480,000,000
Capitalist classes from work	180,000,000
Working classes from work	420,000,000
All	£600,000,000
Aggregate income	£1,080,000,000
Income from capital	44 per cent
Income from work	56 per cent

¹ See Appendix VI.

Before leaving English income-tax statistics, there is perhaps one other question which should receive a word. It has been strenuously urged that these statistics show a tendency toward greater equality of conditions. The argument is almost always the same, and does not demand much space. It consists in a comparison between the number of persons taxed at different periods for specified incomes in the trades and professions. It was effectively used by Mr. Porter in 1851, and still more effectively by Mr. Goschen in 1887. Probably the fairest statement of it is that made by Mr. Giffen.¹ The comparison to which he calls attention runs as follows: —

Incomes from Trades and Professions Assessed Under Part I of Schedule D.		
INCOMES.	1843.	1879-80.
£ 150 and under £ 200	39,366	130,101
200 " " 500	48,580	144,842
500 " " 1,000	11,662	27,256
1,000 " " 10,000	6,821	17,110
10,000 and upwards	208	853
Total	£106,637	£320,162

In case "Part I of Schedule D" gave all the incomes from manufacture and commerce, this table would not only demonstrate a gratifying increase in the number of moderate incomes, but

¹ See Appendix III.

indicate a slightly disproportionate increase. Unfortunately for the argument, however, the salient feature of English industry during the present century has been the evolution of large private firms into public companies, and their consequent transfer from Part I of Schedule D to Part II. In Part I the incomes from capital, like the incomes from labor, but little more than doubled during this period; in the whole schedule the incomes from capital almost quadrupled.¹ The disproportionate increase in incomes from capital is synonymous with the disproportionate increase in large incomes. The concentration of incomes has kept pace with the concentration of fortunes.

¹ See statistics on page 91. As the larger salaries paid by the constantly organized public companies are taxed under Schedule E, the two schedules ought to be combined for the purpose of a fair comparison. This done, it will be seen that the estimated labor income of the well-to-do classes from urban industries increased from £57,500,000 in 1843 to £133,000,000 in 1881, or 131 per cent; while the income from capital of the same classes in the same industries increased from £41,500,000 to £155,000,000, or 273 per cent.

CHAPTER V.

THE NATION'S INCOME.—RECENT HISTORY OF
WAGES.

IN the United States, despite the absence of income-tax returns, we find perhaps the most complete and satisfactory statistics in the world respecting the aggregate of the national income. Unfortunately the last census is not so satisfactory in this regard as its predecessor, because the statistics of manufactures were collected in a much less scientific spirit. But even upon this point we have so much contributory evidence from the reports of the State and National Labor Bureaus that serious errors are easily avoided.

The most important industry to be considered is agriculture, and here the census estimates may be accepted without change. The total value of the product for 1889 is estimated at \$2,460,000,000. A consideration of the various items, as returned by the Department of Agriculture, will show that the net product of the farming industries is not far from this sum.

Wealth of
Statistical
Data.

Agriculture.

The table for farm products will run substantially as follows:—

Estimate Department of Agriculture for 1889—

Wheat	\$ 342,000,000
Corn	597,000,000
Oats	172,000,000
Cotton. (Product of 1888.)	292,000,000
Hay. “ “ “	408,000,000
Potatoes “ “ “	81,000,000
Tobacco “ “ “	44,000,000
Minor Produce. (Product of 1888.) . About	125,000,000

Estimate at three-fourths export price—

Butter and Cheese	180,000,000
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Based on Senate Report 986 for 1892, page xlii.—

Meat products. (Including exports.)	600,000,000
Milk. (Farm value at 60 per cent retail price.)	120,000,000
Fruit and Vegetables. (Farm value at 60 per cent retail price.)	150,000,000
Poultry and Eggs. (Farm value at 60 per cent retail price.)	90,000,000

\$3,201,000,000

Deduct value of corn, oats, and hay fed to stock
(three-fourths crop)

881,000,000

\$2,320,000,000

Add increase in farm stock (average for decade¹) .

84,000,000

Aggregate \$2,404,000,000

When to this aggregate is added the value of the lumber sold from the farming-districts,² the sum total is in the neighborhood of \$2,460,000,000. To

¹ The Department of Agriculture's report for 1889 estimates that the value of farm animals during the census year did not increase at all, but instead fell \$88,000,000. During the decade, however, the average yearly increase was \$84,000,000.

² The Census returns 100,000 lumbermen, woodchoppers, etc.

this, must be added the rental value of the houses occupied by the farmers. 'This sum is a little less than \$150,000,000.¹ The real income, therefore, from the capital and labor engaged in farming is thus, in round numbers, \$2,600,000,000.

Respecting the net product of the manufacturing industry, the Massachusetts reports furnish the safest guide. The report of the Bureau of Labor Statistics for 1890 Manufac-
tures. gives the returns of over ten thousand establishments respecting net profits, and the returns of over twenty thousand establishments respecting average wages. The average yearly earnings returned for employees of both sexes and all ages were nearly \$360.² This sum—equivalent to nearly \$700 a family—will doubtless seem extremely high to those familiar only with European wages, or with the wages customary in our own farming districts. Yet the Massachusetts returns are among the lowest, as well as the most complete, published in this country. In the Southern States, indeed, wages are much lower; but these States import nearly all their manufactures

¹ In the typical State of Ohio, the aggregate value of all buildings on farms is about 14 per cent of the aggregate value of the farms. (See State Board of Equalization Reports, 1880 and 1890.) On this basis the total value of farmhouses in the country is less than \$1,500,000,000.

² Average yearly earnings, 251,656 employees of private firms, \$362.23
Average yearly earnings, 162,310 employees of corporations, 333.22

from the North, where wages are generally upon the Massachusetts level.¹

The profits of manufacturers, according to the same Massachusetts report, including interest, rent, taxes, and earnings from superintendence, were approximately two-thirds of the wages of the employees.²

Respecting the wages and profits from the railroads, we may safely accept the proportions given

¹ Wages in Massachusetts in the year of the State census (1885) were about 5 per cent lower than in the year of the national census. For this reason, in the estimate that follows, no deduction is made for persons wholly out of employment. Unfortunately, the Massachusetts report covering the year 1890 gives wages on the basis of continuous employment during the running of the factories.

	PER CENT SELLING PRICE.		PER CENT SELLING PRICE.
² Stock used	58.91	Freight	1.27
Salaries	1.73	New Equipment	.24
Wages	22.34	Repairs	.81
Rent	.73	Other expenses	.13
Taxes	.56	Excess of selling price	
Insurance	.33	over cost of production, <u>12.95</u>	
			100

Statistics of Massachusetts Bureau of Labor, 1890, p. 319.

The above proportions are reasonable, and reflect great credit upon the Massachusetts manufacturers making the returns. The Connecticut Labor Bureau the succeeding year investigated the same subject, reaching similar results. For 791 establishments the final summary stood:—

Wages	\$39,562,000	Rent, interest and taxes, \$3,177,000
		Superintendence 5,800,000
		Net profits <u>13,716,000</u>
		\$22,693,000

Connecticut Bureau of Labor Statistics, 1891, p. 23.

by the census of 1880. In that year the net earnings—interest and dividends—were \$245,000,000, and wages and salaries were \$221,000,000.¹ The Interstate Commerce Commission Report for 1890 shows that net earnings had risen to \$331,000,000. Wages and salaries, therefore, had aggregated approximately \$300,000,000, and the aggregate net income from the industry was about \$630,000,000. Respecting wages and profits from mines, we have similar guidance from the previous census.²

For wages and profits in stores we are compelled to rely, in the main, upon the returns for the factories. Weekly wages are indeed lower, especially in the poorer quarters of the cities and in the rural districts; but the employment is steadier, and the annual wages about the same. Profits also are similar; the two industries are similarly located, require similar amounts of capital, and similar talent. The average income in the one does not differ materially from the average income in the other. The remaining industries employ next to no capital. Respecting earnings in the professions, we are guided by the official returns for teachers and ministers; while respecting domestic servants, every one's common observation may

Railroads
and Mines.

The
Remaining
Industries.

¹ Tenth Census, vol. iv., pp. 12, 13.

² Tenth Census Compendium, p. 1239.

be trusted, provided he remembers that wages in the North are much higher than in the South, and that wages among well-to-do families in the cities are very exceptionally high. Respecting unclassified laborers, official statistics are not wanting; but here, again, there is little danger of serious disagreement, provided it is borne in mind that the daily and weekly wages to which we are accustomed are not received during fifty-two weeks of the year.

Nearly all the confusion respecting the earnings of laborers has come from the supposition of steady employment. During the last few years, however, the well-to-do public has begun to appreciate that at all times a great many working-people are out of work. The Massachusetts Labor Report of 1887 showed that in 1885, when the State census was taken, the average loss from this source was one and one-sixth months, or five weeks, for all the employees in the State. This loss was, perhaps, exceptionally high, for 1885 was not a prosperous year. But even in the years that are most prosperous, when the number altogether out of employment is much less, the total loss of time on the part of the wage-earners is much greater. There are, every year, for workmen never off the pay-rolls, holidays and days the factory stops for repairs, and days that work is slack in certain

The Unem-
ployed.

departments, and days of sickness, and days lost through dissipation, and finally, in certain important trades, there are days, and even whole seasons, in which work is practically suspended. It is a prosperous year indeed when the average wage-receiver aggregates forty-four full weeks' employment.

The Illinois Labor Report for 1886 published returns upon this point from representatives of eighty thousand wage-earners. The final summary was as follows:—

40,281 Trades Unionists;	Aver., 35.5 Weeks, or 68 % full time.
7,036 Coal Miners;	Aver., 23.4 Weeks, or 45 % full time.
5,567 Railroad Men;	Aver., 46.1 Weeks, or 88 % full time.
32,445 Knights of Labor;	Aver., 41.5 Weeks, or 80 % full time.
85,329 Workmen;	Aver., 37.1 Weeks, or 71.3% full time.

“If,” says the Commissioner, “it be considered necessary to make some allowance for any supposed disposition to exaggerate the case on the part of those who have stated it, or for error in judgment on the part of those stating it, the conclusion might be somewhat modified and still show the average working time to be 75 per cent.”

This, of course, is labor's statement of the case. In the Massachusetts report for 1879 the employers return that 263,000 persons engaged in mechanical industries averaged 266.6 days' work, or approximately 44 weeks. The Massachusetts

Manufacturers' Report for 1891 shows that the factories ran an average of $49\frac{1}{2}$ weeks, and that the average number employed was one-tenth less than the greatest number employed. Among unskilled workmen the amount of time lost, according to all reports, is much greater. This is largely due to the moral inefficiency of this class of workmen. According to Baxter's classic estimates for England, the great body of working-people are employed from 41 to 44 full weeks a year, the more skilled factory hands reaching the higher figure. From this it is clear that the one dollar a day so frequently paid in agricultural districts in the North means not to exceed \$260 a year, and the eight dollars a week so commonly paid in factories means not to exceed \$360.¹

Upon the bases outlined above, the table for the net product of all industries in 1890 stands as given on pages 104-105.

¹ The assumption of continuous employment so generally found in our labor reports was justly condemned in one of the first of these published. In the Massachusetts Report of 1873, the Commissioner, General Oliver, said: "The usual method of computing wages is by taking the so-called average wages, and multiplying by the number of days in which the factory is in actual operation. By this process the total amount paid for wages for the census year in the occupations enumerated would have been \$151,186,764.36, or \$33,724,830.30 over that actually paid. Under this process," he continued, "the average wages of men would have been \$689 a year, instead of \$536; that of women, \$307, instead of \$237; that of youths, \$188, instead of \$154."

When the difference between day's wages and year's wages is borne in mind, it will be found that all the carefully collected evidence on the subject of wages in this country is in agreement with the Massachusetts returns used as the basis for the most important of the preceding estimates. This proposition even holds true of the Aldrich report from the Senate Finance Committee in 1893,¹ though that report was prepared by men who wished to show the highest possible level of wages. In nearly all the industries covered the average wage reported, multiplied by the number of days the ordinary employee is at work, is but little higher than in the estimate in the table. That this report should have become the basis for exaggerated notions respecting the progress of the working-classes was in no sense due to the returns made by the employers. The employers seem to have thrown open their books without reservation, and the data furnished cover the wages actually paid in nearly one hundred establishments for more than thirty years.

That the data thus furnished should have led to conclusions respecting the course of wages which are out of harmony with scientific research

¹ Wholesale Prices, Wages, and Transportation, Report by Mr. Aldrich from the Senate Committee on Finance. March 3, 1893. (Senate Report No. 1394, Finance Committee, Second Session, Fifty-second Congress.)

National Income, 1890.

INDUSTRY.	NUMBER ENGAGED.	METHOD OF RECKONING INCOME.	WAGES.	PROFITS.	TOTAL INCOME.
Agriculture . . .	8,497,000	Includes \$140,000,000 House Rent ¹			\$2,600,000,000
Mines	350,000	Wages at \$370 (Official Estimate for Coal Miners); Profits, etc., 60 Per Cent of Wages, as in 1880 ²	\$ 130,000,000	\$ 80,000,000	210,000,000
Manufactures and Mechanical Trades.	5,091,000 (4,650,000 Wage Earners)	Wages, \$360; Profits, etc., two-thirds, as in Massachusetts. ³	1,674,000,000	1,116,000,000	2,790,000,000
Railroads	462,000	Net Profits Official, Wages, etc., same per cent as in 1880 .	300,000,000	331,000,000	630,000,000
Others in Trade or Transportation.	2,863,000	Net Product the same per Head, as in Manufactures .			1,570,000,000
Teachers	342,000	Wages at \$250 (Official Estimate 1889 \$230 for Public Schools) ⁴			86,000,000
Ministers	88,000	Salaries at \$900; Official Estimate for Methodist Church North, \$843 + \$53 fees ⁵ . .			80,000,000
Physicians and Lawyers.	195,000	Earnings one-third more than Ministers, or \$1,200 ⁶			234,000,000

Other Professions . .	320,000	Earnings at \$800			260,000,000
Servants and Laborers.	3,357,000	Wages at \$200			670,000,000
All Others	1,172,000	Earnings at \$400			470,000,000
Urban Real Estate (Excluding Stores and Factories).		6 and two-thirds Per Cent on Estimated Value ⁷			1,200,000,000
	22,735,000				\$10,800,000,000

¹ In agriculture the cost of seed, fertilizers, etc., and the expenses for stock and implements, are offset by fuel and betterments.

² It is true that miners' wages are not net. (The Iowa Labor Report for 1890-1891 estimates the cost of powder, smithing, and oil at about one-fifth of nominal wages.) Nevertheless, the average wages of coal-miners are exceptionally low.

³ In the building trades, wages are much higher than in manufactures, but profits are much less. The net product per hand is about the same.

⁴ Teachers' wages are often for a very few months' employment.

⁵ Ministers' salaries in the Congregational Church average \$1,047. Nevertheless, in the great denominations, especially those strong in the South and among the negroes, salaries are very much lower.

⁶ Physicians' incomes are estimated somewhat higher than this by Dr. George F. Shrady (*Forum*, 1894), who makes \$1,200 the average outside the cities. It seems probable, however, that Dr. Shrady had in mind only the East and North.

⁷ From the value of non-agricultural real estate (\$26,000,000,000) must be subtracted about \$2,650,000,000 for factories and shops, as much more for stores, and a third sum of nearly equal magnitude for untaxed property, — chiefly public. The total income from house and office rents, as estimated in the text, is one-seventh of the total income of the non-agricultural population.

abroad and common observation at home is due chiefly to two things: —

(1.) The industries covered were the urban industries; and the establishments reporting were naturally among the oldest and largest, which, as a rule, pay the highest rate of wages. The course of wages in growing establishments in growing cities does not accurately reflect the course of wages in the country at large. During the period from 1860 to 1891, for which the committee succeeded in reporting a rise of nearly 70 per cent in wages in the urban industries covered, it will be shown later that the rise of wages in agriculture did not exceed 15 per cent.¹

(2.) The statisticians employed to summarize the returns were to a hurtful extent in sympathy with the political aim of the investigation. This criticism in no degree applies to Mr. Joseph D. Weeks, whose work is in the highest degree con-

¹ Even in the "urban" industries there is a marked difference between wages in the cities and wages in the country villages. Wages in the latter have approximated closely to farm wages. An illustration of the difference between city and village wages in manufactories may be found in the Ohio Labor Bureau Report for 1889, where the returns are by counties. The following returns are typical: —

RURAL COUNTIES.	AVERAGE WAGES.	URBAN COUNTIES.	AVERAGE WAGES.
Allen	\$310	Cuyahoga . . .	\$430
Ashland . . .	313	Clark	440

Even in cities the difference in wages in the same industry is very marked. Foremen in large establishments doing the best grade of work often receive nearly as large incomes as

scientious and intelligent. But Mr. Weeks's conclusions are not embodied in the committee's comprehensive summary for "all" occupations. It is this summary that has spread so much misinformation throughout the country. Some of the more serious errors in the report are apparent upon a casual examination. When any one at all familiar with the course of wages in recent years takes up the report, he is astonished to see that the wages of clerks in stores have risen out of all proportion to wages in other industries. In the metal works, as he would expect, currency wages are reported to have fallen since 1873; so, too, in the cotton factories; but in stores, where the invasion of women and girls is believed to have depressed wages to an unusual extent, he finds it reported that an advance of nearly 40 per cent has taken place. If, to understand the anomaly, he takes the trouble to consult the origi-

the managers of small establishments doing more ordinary work. This point is commonly forgotten by those who present contrasts between wages to-day and wages a generation or more ago. The best paid employees in the great establishments of to-day do as high a grade of work as the managers of the small establishments in which the bulk of the mechanical work of the country was formerly performed. As to the frequent contrast in wages between different establishments in the same industry, the following table from the recent report of the English Board of Trade (1893 C. 6889, p. xiii.) furnishes an unusually comprehensive illustration:—

PRINTING AND ENGRAVING TRADES.	AVERAGE WAGES (52 WEEKS).
A. Large Works	£52 11s.
B. Small Works	43 8s.
C. Newspaper Works	77 3s.

nal data, he discovers that for the metal works and cotton factories the returns covered many establishments and many hundred employees, while for stores the returns covered but one dry-goods store and one grocery, employing together less than thirty clerks. Yet the committee, in its table of "simple averages for all industries," made the uninvestigated industry count as much as either of the thoroughly investigated ones. And the committee did not stop here. Despite this assumed rise of nearly 40 per cent in the wages of clerks, the table of "simple averages" still showed that currency wages had fallen 4 per cent since 1873. Thereupon the committee proceeded to make a table of "weighted averages," assuming that the incredible advance of 40 per cent in wages had been received by all the clerks in the country, and that, since these outnumbered the employees in metal works and cotton mills put together, therefore the returns for less than thirty clerks ought to outweigh those for more than fifteen hundred metal workers and more than three thousand cotton operatives. By this means currency wages in 1891 were made to rise 1 per cent above the level in 1873.

To cut short the criticism, in order to get at the facts reported, it is necessary to throw away the work done by the committee's experts, and return to the original reports made by the em-

employers, ascertaining from them the aggregate and average wages paid at the dates of greatest public interest. The employers' returns are as shown on pages 110 and 111.

Wages in
Urban Es-
tablishments.

The wages given in the table are currency wages. In the year 1873, however, currency was worth 11 per cent less than gold. The comparative wages in gold were therefore as follows : —

DATE.	DAILY WAGES IN GOLD.
January, 1860	\$1.18
January, 1873	1.81
January, 1891	1.69

In other words, wages in gold in the urban establishments reporting advanced $53\frac{1}{2}$ per cent during the thirteen years between 1860 and 1873; but during the succeeding eighteen years, despite the continued advance in the productiveness of labor, they lost enough to reduce the net gain to 43 per cent.

If the course of wages in these industries be examined more narrowly, it will be found that during the war, when the government was creating an almost insatiable demand for money at high rates of interest, and the capital borrowed was being destroyed in military operations, the wages of labor rapidly fell. Measured even in currency, wages rose only about one-quarter, and measured in gold they fell about one-third. After

Actual Wages in Urban Industries.
(From Senate Report 1394, Finance Committee, 1893.)
PARTS II., III., IV.

INDUSTRIES.	Estab- lishments Reporting.	JANUARY 1860.		JANUARY 1873.		JANUARY 1891.		1860. Average Wages.	1873. Average Wages.	1891. Average Wages.
		Number Em- ployed.	Aggregate Daily Wages.	Number Em- ployed.	Aggregate Daily Wages.	Number Em- ployed.	Aggregate Daily Wages.			
Agricultural Implements .	1	9	\$ 12.47	34	\$ 65.48	39	\$ 67.17	\$1.38	\$1.91	\$1.72
Ale, Beer, and Porter . .	1	40	47.86	53	106.69	63	152.26	1.20	2.01	2.42
Books and Newspapers . .	4	75	78.70	117	254.26	105	183.31	1.04	2.17	1.55
Building Trades	21	202	316.81	347	933.24	308	813.87	1.56	2.86	2.64
Carriages and Wagons . .	1	14	17.00	24	54.50	40	97.75	1.21	2.27	2.44
City Public Works . . .	4	2,011	2,467.24	1,227	2,675.26	570	1,029.85	1.23	2.18	1.81
Cotton Goods	4	686	535.14	842	1,256.28	1,478	1,829.88	.78	1.49	1.24
Dry Goods	1	10	9.50	10	14.09	14	29.47	.95	1.41	2.10
Ginghams	1	538	433.95	710	1,135.71	1,409	1,846.53	.81	1.60	1.31
Groceries	1	3	3.26	5	8.23	6	12.86	1.09	1.65	2.14
Illuminating Gas	4	457	538.63	396	1,085.07	467	929.47	1.18	2.74	1.99
Leather	2	46	58.22	76	147.39	81	131.84	1.26	1.94	1.63
Lumber	2	35	24.12	38	53.24	22	29.13	.69	1.40	1.32
Metals and Metallic Goods,	19	768	1,103.04	1,098	2,555.30	1,671	3,357.25	1.44	2.33	2.01
Paper	1	41	36.23	31	41.55	26	35.46	.88	1.34	1.36
Railroads	1	203	430.80	232	642.40	431	1,099.83	1.64	2.77	2.55

Sidewalks	1	31	56.00	14	51.00	11	39.00	1.80	3.64	3.55
Spice	1	6	6.75	14	22.52	14	22.70	1.12	1.61	1.62
Stone	6	227	218.27	573	1,002.31	526	770.31	.96	1.75	1.46
White Lead	1	15	17.21	4	7.00	12	16.80	1.15	1.75	1.40
Woolens	3	180	154.89	308	395.10	472	651.11	.86	1.28	1.38
Totals	80	5,651	\$6,566.09	6,153	\$12,566.62	7,765	\$13,125.85	\$1.18	\$2.04	\$1.69
Average Daily Wages	.	.	.	.	.	.	.	.	.	.

the war was over, wages advanced rapidly until 1873. From that time until 1879 rapidly falling prices and bankruptcies in the commercial world were accompanied by rapidly falling wages and compulsory idleness in the labor world. With the resumption of specie payments and silver coinage, prices became comparatively stable, and the wages of labor increased pretty steadily until 1893. In the middle of that year, however, the closing of the Indian mints to silver soon led to a corresponding contraction of the currency here. Since that time the value of money has again rapidly risen, and prices and wages have again rapidly fallen. According to the latest volumes of the Connecticut Labor Report, and the Massachusetts "Statistics of Manufactures," the nominal rate of wages in 1894 had declined about 7 per cent below the level of 1892,

while the yearly incomes of laborers had been still further reduced by the lack of employment. The Connecticut report covers nearly half the manufacturing labor in that State. Directly from the books of the employing establishments were taken the numbers of employees, hours of labor, and wages for 1892, and for the period between June, 1893, and August, 1894, in which the fall of prices was most rapid and the stoppage of production greatest. It was found that a little over half of the establishments had reduced wages, and that the usual cut had been 10 per cent. The heavy losses of the wage-earners, however, came, not from reduced pay during employment, but from reduced employment. The average number on the pay-rolls had been cut down 15 per cent, and many of those nominally retained received work irregularly. All of these reductions reflected themselves in the total wage payments. These had decreased 25 per cent. If these firms were typical of the State at large, the great mass of families in Connecticut had had their incomes reduced one fourth. The Massachusetts reports are for the calendar years, and the changes are registered in the following tabular statement: —

	1892.	1893.	1894.
Total value of product	100	92	83
Average wages when employed	100	96	93
Total wages for year	100	92	84

In other words, manufacturing laborers have borne a heavy share of the losses inflicted on all producers by the fall in prices.

So far, however, we have only considered the course of wages in the urban industries covered by the Senate report. The same report devotes several pages to the wages in mines; and here we have an industry Wages in
Mining. strongly affected by agricultural conditions. The returns for mines were fortunately prepared by Mr. Joseph D. Weeks, and are singularly impartial. For the years selected for comparison, they run as follows:—

	1860.	1873.	1891.
Anthracite coal (Pa.) . . .	\$1.08	\$2.51	\$1.91
Iron ore (New Jersey) . . .	1.06	1.94	1.31
Iron ore (Cornwall, Pa.) . . .	.85	1.85	1.83
Iron ore (New York) . . .	1.25	2.30	1.65
Iron ore (Oxford, N.J.) . . .	1.00	2.12	1.20
Rough average in currency .	\$1.05	\$2.14	\$1.58
Rough average in gold . . .	1.05	1.90	1.58

So few returns would indeed furnish an unsafe basis for generalization, were it not for the vast amount of labor Mr. Weeks has devoted to the question of miners' wages. The returns give average wages in what he believed to be typical mines. Since 1891, as is widely known, miners' wages have again suffered reductions, comparable only with those that have taken place in the earnings of farmers. The Michigan Labor Report of

1894 published wage returns for two of the principal iron mines, following the same lines as were pursued by Mr. Weeks. In both of these mines the reduction in wages since 1890 had been more than 20 per cent.¹ The fall in the wages of coal-miners has indeed been less, but only because the recent partial recovery in the price of coal has been accompanied by a proportionate recovery in the rate of wages.² Among all miners the fall in wages has uniformly kept step with the fall in prices.

¹ For one of these mines the returns went back to the period before the war; for the other, only to the year 1884. In brief, the tables run as follows:—

	FIRST MINE.		SECOND MINE,
	SURFACE MEN.	MINERS.	CONTRACT MEN.
1860	\$1.25	\$1.35	
1862	.90	1.10	
1870	1.75	2.25	
1873	2.00	2.75	
1875	1.35	1.50	
1880	1.55	1.75	
1885	1.55	1.90	\$2.22
1890	1.50	1.75	2.58
1893	1.00	1.50	1.54

² The general course of wages among coal miners is indicated by the following table of rates paid by the largest mining companies in the Pittsburgh district:—

PRICES FOR MINING IN THE PITTSBURG DISTRICT.

1880	January 1	92 cents per ton.
1885	" "	79 " " "
1890	" "	79 " " "
1893	" "	79 " " "
1894	" "	53 " " "
1895	" "	69 " " "
1896	" "	64 " " "
1896	March "	70 " " "

There remains to be considered the great industry of agriculture, in which nearly half of our people are engaged. For this we have no returns giving the wages paid by the same employers from year to year, but we have reliable official statistics gathered by the same methods in different years for nearly a half-century. Though exact comparisons cannot be made upon the basis of these returns, yet the general course of wages in agriculture can be described with more confidence for a longer period than the general course of wages in any other industry. Fortunately one of the years for which returns were gathered from all over the nation was 1860.¹ Another was 1890,² when wages and prices were almost at their highest recent level. A comparison of the two reports shows that even in 1890 farm wages were but little higher than in 1860. Indeed, on the surface of the returns, there had been in the meantime an actual fall in wages. The census of 1860 reported the average wages of a farmhand with board to be \$14.75 a month; while the Department of Agriculture report for 1890 gave them as \$12.45. The cause of this apparent fall, however, was the emancipation of the negroes, who had not figured in the return

Wages in
Agriculture.

¹ Census, 1860, Mortality and Miscellaneous Statistics, p. 512.

² Report of the Department of Agriculture, 1890.

for 1860.¹ In most of the Northern States the advance in wages had been in the neighborhood of 15 per cent. Unfortunately we have no national returns for farm wages for the years in which the prices of agricultural products and the general level of wages throughout the country were at their highest. Nevertheless, upon this point the Massachusetts Labor Report for 1872 publishes returns for that State gathered in the same way, and furnishing a fairly safe basis for comparison. Using these returns, and the Massachusetts statistics in the national reports mentioned, the course of agricultural wages has been as follows: —

	1860.	1872.	1890.
Farm laborer with board . .	\$15.34	\$27.52	\$18.50
Farm laborer, without board,	26.22 ²	44.82	30.00

Reducing the wages for 1872 to a gold basis (\$24.46 and \$39.84), it is seen that the advance in wages in agriculture during the period of rising prices was about 50 per cent, and the fall in wages during the years of falling prices was over 20 per cent. Just what the fall in farm wages since 1890 has been cannot be shown by official statistics. These, however, make clear

¹ In California alone, among the free States, had wages materially declined. Here they had fallen from \$33.28 a month to \$22.40.

² In the census of 1860 the price of board to a day laborer in Massachusetts was estimated at \$2.51 a week.

that the total earnings of American farmers have again fallen over 20 per cent.¹ This reduction has applied to all farm owners and farm tenants, who are each more important bodies of laborers than the hired hands they employ. In short, we find historically in every branch of industry, that the money wage of laborers has uniformly depended upon the money value of the product of their labor. There is no falser doctrine than that wages can be artificially raised by the lowering of prices. By so much as falling prices increase the possessions of creditors, by so much they diminish the returns of those engaged in production. In many cases the employers are bankrupted, and all the laborers turned adrift; in many more production is diminished, and most of the laborers are but partially employed. Even where neither of these things happens, the labor market is filled with men seeking work, and disorganized labor is unable to resist unreasonable demands for lower wages and harder conditions. Cairnes was not far wrong when he looked upon the unprecedented rise in wages as the happiest result of the increase of the currency that followed the gold discoveries of 1848.² Certainly

¹ The value of the great cereal crops (wheat, corn, and oats) in 1890 was \$1,310,000,000; in 1895 it had fallen to \$970,000,000. See "Report No. 133," New Series, Department of Agriculture.

² Cairnes's "Essays in Political Economy," p. 152. Leroy-Beaulieu estimates the increase of wages in England between the

the fall of wages, next to the impoverishment of debtors, is the saddest result of the contraction of the currency that has followed the legislation against silver in 1873 and 1893.

middle of the century and 1875 as high as from 60 to 70 per cent. Between 1875 and 1887 he admits a decline of from 10 to 20 or 25 per cent. "*Répartition des Richesses*," p. 442.

CHAPTER VI.

THE PRESENT SITUATION.—DISTRIBUTION OF
INCOMES BY CLASSES.

THE national income estimated in the preceding chapter was, of course, the income from property, superintendence, and labor combined.

Its aggregate was about one-sixth of the value of the property of the nation.

The Shares
of Capital
and Labor.

In order to determine the relative shares of labor and capital, it is only necessary to remember that the ordinary rate of interest is neither the low rate customary upon railway bonds instantly convertible into cash, nor the high rate customary in active business. It is most conservatively measured by the average rate of interest upon real-estate mortgages. The usual rate of interest is somewhat higher than this. In many parts of the country the borrower frequently receives less than the amount of the mortgage, in order to cover the illegal rate of interest paid; and throughout the country purchase-money mortgages bear low rates. The average recorded rate, however, for the nation at large is $6\frac{3}{4}$ per cent.¹ As the mortgagor

¹ Extra Census Bulletin 71, p. 32: Mortgages recorded in 1889, 6.75 per cent; 1888, 6.84 per cent; 1887, 6.93 per cent; 1886, 6.91 per cent.

usually pays the taxes upon the property mortgaged, it is obvious that the ordinary income from capital prior to taxation is over 7 per cent. This rate, however, must not be reckoned upon the entire sixty-five billions of national wealth. Nearly four billions of this is in the form of household furniture;¹ and the ownership of household furniture is never reckoned as a source of income, though the ownership of a home always is. Seven per cent interest upon the remaining property is barely 40 per cent of the aggregate income. As the labor incomes were more strictly estimated in the American table than in those for England and France, it is evident that capital's share in the aggregate product is somewhat less than in either of those older countries. The difference, however, is not great, and the same generalization may be retained. Capital receives two-fifths of the national income; while the labor of all classes, including that of the capitalists, receives three-fifths.

Respecting the distribution of incomes by classes, our safest guide is the ascertained distribution of property, and common observation respecting the professional and business incomes of the wealthy and well-to-do classes. There is, however, one Ameri-

The
Distribution
of
Rentals.

¹ See Report on Valuation, Pennsylvania Tax Conference, 1892. Also M. de Foville's estimates, *Journal of the Statistical Society*, 1893, p. 608. Upon the basis of M. de Foville's estimate, only three billions should be subtracted.

can city for which the distribution of rents can be given with considerable accuracy, and the general distribution of urban incomes indicated thereby.

Each year the assessing department of the city of Boston reports at length upon the valuation of all dwelling-houses. This report alone indicates the general distribution of rentals; and it has been supplemented by an elaborate report of the Bureau of Labor Statistics, giving the exact rents paid in all houses not occupied exclusively by their owners. The table for the valuation of dwellings in 1891 ran as follows:—

HOUSES ASSESSED.	NO.	TOTAL ASSESSMENT.
Under \$5,000	35,523	\$ 91,000,000
\$5,000 to \$15,000	13,790	112,000,000
\$15,000 and over ¹	4,937	153,000,000
	<u>54,242</u>	<u>\$356,000,000</u>

Even from this table it was obvious that one-tenth of the dwellings were worth nearly as much as all the remainder; and common observation told that the one-tenth consisted almost exclusively of residences² occupied by a single family, while the nine-tenths embraced nearly all the tenement-

	NUMBER.	ASSESSMENT.
¹ \$15,000 to \$25,000	2,603	\$49,000,000
\$25,000 and over	2,334	104,000,000

See city document No. 3, 1893. The tables are so full that the aggregate assessment is practically official.

² Hotels and family hotels are excluded from the lists above.

houses. It was obvious, therefore, that one-tenth of the families occupied premises worth fully as much as the remaining nine-tenths. But the Labor Report upon rents, fortunately, made common observation upon this point almost unnecessary. In the first place, it showed (in its returns by precincts) that fully four-fifths of the costliest houses were occupied exclusively by their owners, so that the 4,937 houses, worth over \$15,000, represented the homes of hardly more than six thousand families; and in the second place, it showed that the aggregate rental paid by sixty thousand families was hardly 10 per cent on the assessed value of the cheapest 35,523 houses. In short, while six thousand families occupied dwellings worth \$150,000,000, sixty thousand families occupied dwellings worth but \$90,000,000.¹ On Leroy-Beaulieu's basis, that the poorer and middle classes devote one-sixth of their incomes to their dwellings, and the wealthiest class one-ninth, this signifies that in Boston, as in the foreign cities,

¹ Massachusetts Labor Report, 1891, p. 490.

MONTHLY RENTAL.	ESTIMATED AVERAGE.	NUMBER.	TOTAL MONTHLY RENTAL.
Under \$5	\$ 4	1,175	\$ 4,700
\$5 to \$10	8	16,933	136,000
\$10 to \$15	12½	22,441	255,500
\$15 to \$20	16½	13,733	228,900
\$20 to \$25	22	5,473	120,306
		59,755	\$745,400

Total yearly rent : \$745,400 × 12 = \$8,944,800.

7 per cent of the families have one-half of the aggregate income.¹

But this conclusion, however demonstrable its justice may be for the city of Boston, would not hold good for the country at large. In the agricultural districts the families owning more than five thousand dollars, though constituting fully twelve per cent of the population, receive but little more than one-third of the aggregate income; and were it not that the total income of American farmers has become so disastrously small, America would still present a most marked contrast with the countries of Europe respecting the distribution of incomes. As it is, it appears that the wealthiest ten per cent of American families receive approximately the same income as the remaining ninety per cent. But of this the only comprehensive evidence lies in the distribution of property

¹ The rentals and incomes of the 85,000 families in Boston would stand as follows:—

APARTMENTS.	NO.	ASSESSED VALUE OF PROPERTY OCCUPIED.	RENTAL.	INCOME.
Rental				
Under \$300 . . .	60,000	\$ 91,000,000 (at 10%)	\$ 9,000,000	\$ 54,000,000
\$300 to \$900 . . .	19,000	112,000,000 (at 9%)	10,000,000	60,000,000
Above \$900 . . .	6,000	153,000,000 (at 8%)	12,400,000	113,000,000
	85,000			\$227,000,000

The rental of the wealthiest twenty-three hundred families (note 1, page 121) would be \$8,000,000 (8 per cent on an assessment of \$104,000,000), and their incomes about \$75,000,000. As they pay local taxes on \$300,000,000 of real estate, an income of \$75,000,000 would be about 7 per cent on their probable wealth. It is certain that these families receive at least one-third of the aggregate income.

and common observation respecting the incomes from labor of the well-to-do and wealthy classes.

Nearly every family possessing \$50,000 worth of property receives an aggregate family income of \$5,000.¹ Likewise most families possessing over \$5,000 receive an aggregate income exceeding \$1,200. There are many exceptions to this rule, particularly in the rural districts; but these exceptions are practically offset by the families who receive the income specified without possessing the specified amount of property. The well-to-do class, as respects incomes, will not differ materially in numbers from the well-to-do class as respects property.

The wealthy class, however, will be considerably recruited when extended to embrace all families with an aggregate income of \$5,000. The number of families having over \$50,000 worth of property is less than three per cent of all in most of our largest cities; yet in Boston, as we have just seen, the number of families occupying houses worth a thousand a year is about six per cent of all. These families, with few exceptions, have

¹ It will be recalled that the distribution of property in the United States is approximately as follows: —

	NUMBER OF FAMILIES.	AGGREGATE WEALTH.
\$50,000 and over . . .	125,000	\$33,000,000,000
\$50,000 to \$5,000 . . .	1,375,000	23,000,000,000
Under \$5,000	11,000,000	9,000,000,000

over \$5,000 a year income. In New York common observation would indicate that there were approximately as many families with \$5,000 income as with \$30,000 property. Judging from these indications, the class with an aggregate family income of \$5,000 would exceed two hundred thousand. Any material addition to that number, however, would be unsafe; for only in the cities and towns are large incomes from personal exertions possible.

The seventy-five thousand families thus added to the class that was wealthy by reason of its property does not add greatly to its aggregate capital. Two and a half billion dollars would cover the entire addition to its property, and from the new aggregate one billion dollars must be subtracted for household goods.¹ The income from the balance, prior to taxation, may be taken at the average rate of interest upon mortgages, plus the average rate of taxation levied upon property,²—or about seven per cent in all. Respecting the labor in-

The Size of
the Large
Incomes.

¹ \$5,000 per family for two hundred thousand families.

² The average rate of interest upon real estate mortgages recorded in 1889 was 6.75 per cent. The rate, however, was less in the cities than in the rural districts. The average rate for mortgages upon lots was 6.37 per cent; the average rate for mortgages upon acres was 7.52 per cent (Extra Census Bulletin, No. 71). The average rate of taxation resting directly upon property was about two-thirds of one per cent of its estimated true value. See page 157.

comes of the wealthy class, we know that they range all the way from nothing to \$50,000, and even larger sums. The number of very large incomes, however, whether from business management or professional success, is so small that the average incomes of these families over and above the mortgage rate of interest on their property should hardly be placed above \$5,000.¹ It is placed at \$3,500 in order to present the minimum concentration of incomes.

Both the number of the well-to-do class and its aggregate property have been diminished by the families of medium estates transferred to the wealthiest class. The amount of capital remaining to it after deducting for household goods is less than twenty billions. The average rate of interest realized, prior to taxation, is unquestionably about seven per cent. The average labor income of this class is more difficult to reckon. Rarely do such families receive from their labor less than

The
Moderate
Incomes.

¹ The writer believes that the number of large professional incomes is commonly over estimated. It is doubtful if one professional man in a hundred receives \$5,000 a year from his profession. The families not possessing \$50,000, but receiving an aggregate income of \$5,000, are, in the main, families possessing upwards of \$25,000 worth of property. See the *Forum* articles of Dr. Carroll and Dr. Shradly, previously referred to. Only about one minister in a hundred receives as much as \$3,000. Dr. Shradly's estimate that five hundred physicians in New York City receive upwards of \$5,000 does not imply that the number for the entire country would reach five thousand.

eight hundred dollars a year, and not infrequently they receive above three thousand. The average must certainly be placed as high as twelve hundred dollars.

The incomes less than twelve hundred dollars are chiefly, but not entirely, from labor. The amount of property belonging to the poorer seven-eighths of our people, as we have seen, may reach nine billions; but the aggregate of household goods will exceed one billion. The labor incomes will generally range from two hundred dollars a family, on the Southern farms, to a thousand dollars among the most skilled workmen in the Northern cities. The most poorly paid classes, however, are by far the largest; and the average family income from labor should not be put higher than \$500 in the towns and \$300 in the rural districts. As three-fifths of the families live in the rural districts¹ the average would be \$380 for all. The table showing the distribution of the national income from both property² and labor stands therefore as follows: —

The
Smaller
Incomes.

¹ On farms or in villages of less than one thousand people.

² It should perhaps be recalled at this point that the private property in the country, though similar in amount, is not identical with the tangible property covered by the census estimate. The latter includes public property, and property belonging to church and charitable corporations, but does not include the public debt nor the intangible property of business firms.

Income of the United States.

(PRIOR TO TAXATION.)

Distribution by Classes.

FAMILY INCOME.	NUMBER OF FAMILIES.	AVERAGE INCOME FROM LABOR.	AGGREGATE INCOME FROM LABOR.
\$5,000 and over . . .	200,000	\$3,500	\$ 700,000,000
\$5,000 to \$1,200 . . .	1,300,000	1,200	1,560,000,000
Under \$1,200	11,000,000	380	4,200,000,000 ¹
	12,500,000		\$6,460,000,000

FAMILY INCOME.	CAPITAL (MILLIONS).	AVERAGE INCOME FROM CAPITAL.	AGGREGATE INCOME FROM CAPITAL.	TOTAL INCOME.
\$5,000 and over,	\$34,500	7 per cent	\$2,410,000,000 ¹	\$3,110,000,000
\$5,000 to \$1,200,	19,000	7 per cent	1,330,000,000	2,890,000,000
Under \$1,200 .	7,500	8 per cent	600,000,000	4,800,000,000
	\$61,000		\$4,340,000,000	\$10,800,000,000

If we carry our classification farther, we find that more than five-sixths of the income of the wealthiest class is received by the 125,000 richest families, while less than one-half of the income of the working-classes is received by the poorest 6,500,000 families.² In other words, one per cent of our families receive nearly one-fourth of the national income, while fifty per cent receive barely one-fifth.

¹ Chiefly for the sake of round totals, \$20,000,000 is added to the labor incomes of the working-classes, and \$5,000,000 subtracted from the income from property of the wealthiest class.

² No precise line can be drawn, but there are abundant data to prove that the better-to-do two-fifths of the working-classes receive a larger income than the remaining three-fifths. See the schedule of weekly wages in the Massachusetts Labor Report of 1889, and the schedule of daily wages in the Missouri Labor Report of 1890.

To sum up the whole situation, therefore, it appears that the general distribution of incomes in the United States is wider and better than in most of the countries of western Europe. Despite this fact, however, one-eighth of the families in America receive more than half of the aggregate income, and the richest one per cent receives a larger income than the poorest fifty per cent. In fact, this small class of wealthy property owners receives from property alone as large an income as half of our people receive from property and labor.

Summary
for
the United
States.

PART III.

THE DISTRIBUTION OF TAXES.

PART III.

THE DISTRIBUTION OF TAXES.

CHAPTER VII.

NATIONAL TAXATION.—INJUSTICE OF INDIRECT TAXES.

THE incomes described in the preceding chapter were incomes prior to taxation. It remains, therefore, to determine what part of the income of each class is taken by the public to defray public expenses.

It is beyond the scope of this essay to discuss the question how the burdens of taxation should be distributed. It is, however, within its province to note how little difference there is in essence between the principle of the property tax commonly accepted in this country and the principle of the income tax as advocated by the more progressive economists and statesmen of Europe. The doctrine that the very poorest classes should be deprived of needed food and shelter in order to pay

The Accepted
Standards
of Justice.

the same percentage of their incomes to the state as the very rich, has now as little standing before the intellect of Europe as it had before the heart of this country when the greater justice of the property tax was recognized. The proportional income tax as now advocated by most European thinkers concedes that an "existence minimum" should be exempted, and only the excess of incomes above this minimum be taxed proportionately.¹ The principle that permanent incomes from property should be taxed more heavily than life annuities, which have but half their selling value, and much more heavily than labor incomes, which have no selling value at all, is rapidly being recognized as self-evident, not only among thinkers, but among statesmen, — and among statesmen outside of democratic Switzerland. It was in recognition of this principle that the Dutch Minister of Finance, M. Pierson, secured the introduction of a general property tax in 1891, to supplement the income tax;² and it was in recognition of this principle that the Prussian ministry urged the same measure in 1892. The proportional income tax thus modified would distribute the burdens of taxation among the various classes, along almost the same lines as the equal taxation of property so long demanded by the general public in America.

¹ *E.g.*, Mill, Rau, and Schaeffle.

² See article by M. Greven in *Economic Journal*, 1892.

For example, were a proportional income tax of this rational sort to be substituted for existing taxes, the public conscience would not tolerate the taxation of family incomes below \$350, and would exempt this amount from the income of every family before taxing the balance as heavily as the largest incomes are taxed. On this basis the property and taxable incomes of the three great classes would stand as follows:—

INCOMES.	TOTAL PROPERTY, ¹	TAXABLE INCOME, ¹	PER CENT	
			OF TOTAL PROP.	OF TAX. INC.
\$5,000 and over,	\$35,500,000,000	\$3,040,000,000	55	47
\$5,000 to \$1,200,	20,500,000,000	2,435,000,000	31	38
Below \$1,200 .	9,000,000,000	950,000,000	14	15

Did we further allow for the fact that the incomes of the two poorer classes are chiefly from labor, and therefore should be taxed at a lighter rate than incomes from property, the assessment of each class would be almost precisely the same, no matter which method was used to determine its tax-paying ability. There is no greater mistake than the assumption that the American doctrine of the equal taxation of property and the non-taxation of labor rests upon any peculiar philosophy respecting the obligations of citizens.

¹ See table on page 128. To capital of each class add value of household furniture; from income of each class subtract \$350 for each family therein.

Public conceptions of justice do not rest upon political philosophies. At the basis of every system of taxation approved by the public conscience is the same instinctive conception that all classes should be taxed in proportion to their respective abilities. The doctrine so long accepted in America, that each class should be taxed in proportion to its property, indicates substantially the same sense of social justice as the new European doctrine, that each class should be taxed in proportion to its income over and above an existence minimum, and the property-owning classes pay an additional tax on their incomes from property. Whatever system of taxation the public sense of justice may require in the future, that sense of justice at present, not only in America, but among the awakened peoples of Europe, demands that each class should be taxed substantially in proportion to its property. To what extent do our present taxes conform with this demand?

In answering this question, the sharpest possible distinction must be made between national and local taxation. Our local taxes are almost wholly direct. The public knows how it is taxed, and the public sense of justice is kept awake regarding the distribution of these taxes. Our national taxes are wholly indirect. The general public does not see how it is taxed; and the whole

subject is thus taken out of the control of the public conscience, and placed under the control of powerful private interests.

Our system of national taxation was copied directly from that in vogue in Europe at the time of the formation of our government, and is now only less burdensome than the European systems because fewer of our public expenses are borne by the national government. Our school system is entirely supported by local taxes; our police system is entirely supported by local taxes; and even our military expenditures, including the enormous pension appropriations, are relatively less than the military expenditures in Europe. But if the amount of national taxation is less, the system by which it is raised is worse.

The Growth
of Our
National
Tax System.

In the beginning it was not so. Public sentiment in this country against indirect taxation, and in favor of unrestricted commerce, was far in advance of public sentiment in Europe. Franklin and Jefferson and Madison would gladly have negotiated a reciprocity treaty with England, but Pitt found that he could not persuade the English Parliament to ratify such a treaty. When the Constitution was adopted containing the clause requiring "direct taxes" to be apportioned among the States according to their representation, it was not understood to preclude the

levying of such taxes. Not only was a direct tax apportioned in 1798,¹ but this tax, in one of its schedules, was made as sharply progressive as the great body of anti-monopolists would now demand. The dwelling-houses² of the entire country were divided into ten classes; those worth under \$100 were exempt from taxation; those worth between that sum and \$500 were taxed one-fifth of one per cent; and those worth higher sums were taxed at rates gradually rising to one per cent where the dwelling was worth \$30,000. Even at this time, however, the value of property in the several States did not correspond with the voting population; and the portion of the direct tax not collected from dwellings had to be levied at different rates in different States. When a direct tax was apportioned in 1813, these inequalities had become more marked. In Connecticut and Rhode Island, for example, the amount of property for each family had become almost twice as great as in Vermont and New Hampshire;³ while in Massachusetts, where the tax was apportioned among the counties according to population, the rate was more than twice as heavy in some counties as in

¹ Act of July 14.

² Including lots not exceeding two acres.

³ In New Hampshire the value of real estate had risen from \$132 per capita in 1798 to \$165 in 1813; in Connecticut it had risen from \$194 to \$326.

others.¹ The toleration of such inequalities was, of course, impossible; and the apportionment of direct taxes was abandoned with practically universal consent. Down to the time of the Civil War, however, our system of national taxation compared favorably with that of any country in Europe, as regards the method of its levies as well as their amount. With the war, however, the situation changed. The thought of this nation became absorbed with other questions, at the time that the European nations began to reform their systems of taxation. Democratic Switzerland, which had never completely lost the mediæval system of taxing property, took the lead in the revolt against indirect taxation, reducing it to an insignificant rôle, and practically displacing it with proportional and even progressive taxes upon property and incomes. England has not gone so far in this democratic direction; but her income tax, which was introduced as a temporary expedient on the repeal of the corn-laws, has now become a permanent part of the national budget, yielding \$80,000,000 a year, while the progressive inheritance tax yields \$70,000,000 more. Germany has followed in England's footsteps; and Prussia now collects \$29,000,000 a year from a progressive income tax, besides levying a small tax on inheri-

¹ Seaman's "Progress of Nations," 605. Pitkin's "Statistical View of the Commerce of the U. S. of A.," p. 329.

tances. Even in France, where the income tax is only now being established, the taxation of inheritances places an annual burden of \$40,000,000 upon the property owners.¹ In fact, inheritance taxes have almost reached into Africa, Spain levying such a tax. In our nation alone do the national taxes remain exclusively upon consumption, and thus burden the poorer classes out of all proportion to their abilities to pay.

The manner in which indirect taxation inevitably overburdens the poorer classes has been the theme of too many essays to require treatment in a statistical chapter² on the present distribution of taxes. It only remains, therefore, to state very briefly the chief sources of national revenue, and the probable proportion of each important tax that falls upon each of the three great classes of incomes.

Our national revenues have for several years aggregated a little less than four hundred million dollars.³ All but twenty millions of this sum is raised by customs and internal revenue duties,⁴

¹ "The Inheritance Tax," by M. West, p. 20. The tax on successions in 1892 was 209,859,500 francs; the tax on gifts, 22,551,500 francs more. The figures for Germany are for the fiscal year 1892-1893. Those for England are for the fiscal year ending with March, 1896.

² The writer had occasion to discuss this subject in a paper on *The Taxation of Labor*, in the *Political Science Quarterly*, September, 1886.

³ In 1890 the figure was \$403,000,000.

⁴ The receipts from customs are now but little in excess of the receipts from internal revenue. Were the customs duties on

and nearly three-quarters of it from taxes resting upon liquor, tobacco, sugar, and clothing. The distribution of these taxes is fairly typical of the distribution of all.

The tax upon liquor is practically the same per gallon upon the consumption of all classes. It is absolutely the same so far as the internal revenue duties are concerned, and the public revenue from the more heavily taxed imported liquors is a mere bagatelle. The quantity of liquor consumed by the ordinary family with \$5,000 a year and upwards is certainly not more than double that consumed by a family of the well-to-do class, or more than quadruple that consumed by a family with less than \$1,200 a year. But assuming that the wealthiest class consumes all of the imported wines, and this disproportionate share of the remaining liquors in addition, it still pays but one-twelfth of the aggregate tax, while the well-to-do class pays a sixth, and the remaining class three-quarters.

Incidence
of the Tax
on Liquor.

The tax upon tobacco is relatively a more serious item to families with large incomes.

It is true that the internal revenue duties are in the main so much per pound on the quantity consumed, but the government receipts from imported tobacco

Incidence
of the Tax
on Tobacco.

liquor and tobacco classed with the internal revenue duties thereon, the aggregate would be more than one-half the total revenue.

constitute about one-fourth of its revenue from this source. The tax on imported tobacco falls almost exclusively on the wealthy and well-to-do classes. Assuming that the wealthier families pay three times as much for tobacco as the well-to-do, and that the two classes consume all the imported tobacco, and their *per capita* share of the domestic product, the wealthiest class still pays but one-tenth of the total tax, the well-to-do class but one-quarter, and the remaining class two-thirds.

The tax upon sugar is little better than a *per capita* tax upon all classes. The tax upon cloth-

ing, however, from one point of view, falls more heavily upon the wealthier classes than any other of these indirect taxes. Making all allowance for clothing purchased abroad by the wealthier classes, it remains possible that a family with over \$5,000 a year usually pays as much for cloth as three families of the well-to-do class, or twelve families with less than \$1,200 a year. Upon this basis the wealthy class would pay one-eighth of this tax, the well-to-do class over one-quarter, and the remaining class three-fifths. From another point of view, the wealthy class, or rather a part of it, is really enriched instead of burdened by the taxes on sugar and clothing, both of which are framed so as to increase the revenues of American manufacturers.

Incidence
of the Taxes
on Sugar and
Clothing.

This phase of the question, however, may be ignored.¹ When we consider only the revenues actually received by the government the conclusion inevitably reached is that Conclusion. the wealthy class pays less than one-tenth of the indirect taxes, the well-to-do class less than one-quarter, and the relatively poorer classes more than two-thirds. The table summing up the incidence of these taxes in 1890 would stand as follows: —

CLASS OF INCOMES.	TOTAL INCOME.	TOTAL PROPERTY.	NATIONAL TAXES.	TAXATION TO Income. Property.	
	\$	\$	\$		
\$5,000 and over . . }	3,110,000,000	35,500,000,000	35,000,000	.01	.001
\$5,000 to \$1,200 . }	2,890,000,000	21,500,000,000	85,000,000	.03	.004
Under \$1,200 . }	4,800,000,000	9,000,000,000	260,000,000	.05	.028

In the domain of direct taxation such injustice would not be tolerated one month; but in the domain of indirect taxation, it is endured year after year.

The situation, as presented above, has not been

¹ The writer is convinced that the amount of the taxes paid by one class to another is commonly exaggerated by those who appreciate the iniquity of not only exempting certain industries from taxation, but making them the recipients of taxes paid by others. The gains of the tax-receivers are much less than the losses of the tax-payers. After the English fish bounty had resulted in the fitting out of vessels, not to catch fish, but to "catch bounties," exceptional profits were at an end. Most bounty systems end in this way.

materially changed by the passage of the Wilson Bill. The only important feature of that measure which ran the gantlet of the Senate and the courts, was the abolition of the one protective tax¹ whose proceeds went to members of the middle class. The one feature of the bill that struck at the roots of existing iniquities has been overthrown by the Supreme Court. Reversing its earlier unanimous decisions, that body has declared that the clause in the Constitution relating to "direct taxes" meant to the Constitutional convention what such a clause would mean to-day. Under this decision our system of national taxation remains in proportion to its weight the most unjust to poorer classes of any now tolerated in a popularly governed country. There was, however, one redeeming feature to this decision; and that was the manner in which the court finally took the extreme ground that no national taxes resting upon property could be imposed under the present Constitution, unless they were so apportioned that property in the poorest States should be taxed four times as heavily as property in the richest.² Without this final decision an unsatisfactory income tax would, in any emergency, have been pos-

¹ The duty on raw wool.

	POPULATION.	VALUE OF REAL ESTATE.
² Connecticut	745,000	\$543,000,000
South Carolina	1,147,000	176,000,000

sible without amending the Constitution. With it, all who believe that the nation should have command of its resources, and all who believe that taxation should be controlled by the public sense of justice, are bound to support an amendment to the Constitution, which shall make possible a system of taxation thoroughly in conformity with the present needs of the nation.

CHAPTER VIII.

LOCAL TAXATION.—JUSTICE OF THE PROPERTY TAX.

TURNING from the national government to the State and local governments, we enter the field where the burdens of taxation are more fairly distributed than in any other country in the world, Switzerland not excepted. Local taxation in America is direct, and had been for two generations when Thierre complacently declared that indirect taxation was the “system of the most advanced nations, while direct taxation belonged to barbarous peoples.” From the time the New England system became the American system, the discussion of local taxation has been almost uninterrupted among the mass of the people; and the theory of the general property tax has become so thoroughly imbedded in the public consciousness, that violations of it are everywhere felt to be an abuse demanding a remedy. There have, indeed, been times when the corporations have succeeded in evading the laws, until the whole system seemed imperilled. But except in a few commonwealths, the unanimous protests of the middle

classes have everywhere forced the legislatures to frame new laws, giving greater practical effect to the principle that all property should be taxed alike.

The opinion so commonly expressed in some of our Eastern cities, that personal property more and more largely escapes taxation with each succeeding year, is unwarranted. I am Criticisms of the Property Tax. aware that this opinion has been expressed as late as 1891 by so broad a scholar as Professor Seligman; ¹ but his argument does not sustain his position. "The Tenth Census," he urges, "asserts that from 1860 to 1880 the assessed valuation of real estate increased from \$6,973,006,000 to \$13,036,797,000, while that of personal property decreased from \$5,111,554,000 to \$3,866,227,000." Upon the face of it, this evidence looks conclusive; but in 1860 three-fifths of the personal property was in the slave States, and consisted chiefly of slaves. "In California," his argument goes on, "personal property was assessed in 1872 at \$220,000,000; in 1880 at \$174,000,000; in 1887 at \$164,000,000; a net decrease in fifteen years of \$56,000,000. Real estate increased in the same period from \$417,000,000 to \$791,000,000." Again the evidence looks convincing merely upon its surface.

¹ Essay on The General Property Law, March, 1891, *Political Science Quarterly*.

The assessment of personalty in California in the early seventies ran as follows: —

1871	\$ 86,000,000
1872	220,000,000
1873	118,000,000

It was only by taking unconsciously the year 1872, in which a systematic attempt was made to tax mortgages as personalty, that Professor Seligman's generalization even seemed to be sustained. This taxation of mortgages was that year overthrown by the State Supreme Court, on the ground that to tax both the mortgage and the property mortgaged violated the clause of the Constitution requiring the equal taxation of property. In 1879 the people of the State adopted a new constitution, which carried out logically the principle of the property tax by taxing mortgages as a part interest in the real estate mortgaged. In 1887, under this provision, over a hundred million dollars worth of mortgages were taxed as real estate, and the \$164,000,000 of personalty taxed as such by local assessors was additional thereto. So also were the \$47,000,000 of railroad property assessed by the State Board. The aggregate amount of personalty taxed in 1887 was far greater than in 1872, anomalous as that year's assessment was.¹

¹ The amount of personalty taxed in the Northern States in 1890 was nearly twice as great as in 1880 or 1870, nearly three times as great as in 1860, and over six times as great as in 1850. The ratio of taxed realty to taxed personalty was the same in 1890 as in 1850.

The chief ground for most of the sweeping assertions made by scholarly writers concerning the exemption of personal property, lies in a totally mistaken notion concerning the extent of such property. It is observed everywhere that when the commonwealth was a mere territory, the amount of personalty nearly equalled the amount of real estate;¹ and it is assumed that the proportion of personalty ought to increase when the State becomes settled. It is forgotten that in a newly settled territory unimproved land is worth practically nothing. The wealth of the farmer in the first instance consists chiefly in the stock he brings upon the land. His real estate is relatively unimportant. As time goes on, and improvements, public and private, are made, his real estate rises in value and his personalty becomes relatively unimportant. At present the tangible personal property in the country, including the entire value of railroads and mines, is estimated by the census at \$25,000,000,000; the real estate at \$40,000,000,000. These figures indicate roughly the proportions in which personalty and realty should be taxed.

The
Proportion
of Personal
Property to
Real.

The Relative
Proportions
Taxed.

¹ In Montana to-day the amount of personalty fully equals the amount of real estate. The auditor's and treasurer's report of 1891 returns realty at \$69,000,000, and personalty at \$72,000,000.

The proportions in which they are taxed is approximately shown by the following table:¹—

GEOGRAPHICAL DIVISIONS.	REALTY.	PERSONALTY.
New England	\$ 2,593,000,000	\$1,266,000,000
Middle	6,071,000,000	1,334,000,000 ²
Southern	3,199,000,000	1,556,000,000
Western	7,093,000,000	2,663,000,000
TOTAL	\$18,956,000,000	\$6,819,000,000

During the last decade the amount of personalty taxed has increased much more rapidly than the amount of real estate. Personal property now pays two-thirds of its proportion of the local taxes outside of two commonwealths. The contrast between these and the rest of the country is as follows:—

¹ The figures are those of the census, except in a few States where these did not include corporate property assessed by State Boards. The additions made on this account were as follows: Massachusetts, \$213,000,000; Connecticut, \$77,000,000; and Louisiana, \$13,000,000. According to the Report of the Massachusetts Tax Commissioners for the year 1894, nearly \$400,000,000 more might be added to the amount of taxed personalty in that commonwealth; but the Commissioners' figures include savings-bank deposits and other property taxed at much less than the local rate on realty.

² The proportion of taxation borne by personalty in two of the Middle States—New Jersey and Pennsylvania—is even less than the census figures indicate, since personalty taxed at a light rate is included in the returns. In Delaware and New York the exemption of personalty is somewhat less marked than would appear. Nevertheless, these two States, in the order named, are altogether pre-eminent for the injustice of their local tax systems toward the owners of real estate.

	REALTY.	PERSONALTY.	PER CENT.
New York . . .	\$ 3,404,000,000	\$ 382,000,000	11
Pennsylvania . .	2,042,000,000	618,000,000	30
Other States . . .	13,510,000,000	5,819,000,000	43

Unfortunately it is the New York figures that have been continually paraded before the world. Regarding Pennsylvania, it should be said that this commonwealth has never yet completely adopted the general property tax theory, though it has moved steadily in that direction. During the last few years, especially, has personal property been made to bear more nearly its just share of taxation. The gross failure of New York to conform with the obvious demands of justice is due to the influence of New York City, whose middle classes are weak, and whose immigrant poor are indifferent to questions of taxation, local as well as national.

Serious efforts to tax personal property fail only where they ought to fail,—only where the principle of equal taxation is abandoned, and the attempt made to tax personalty twice. To tax both the mortgage and the property mortgaged, both the corporation and the stockholder, both the property within the taxing district belonging to persons outside of it and the property outside the taxing district belonging to persons within it, is double taxation. If accomplished, it would violate the

Where the
Taxation of
Personalty
Fails.

fundamental principle of the property tax. Mortgages are simply certificates of part ownership in the property mortgaged. Where the principle of the property tax is applied, as by the English income-tax law,¹ and by the measures the farmers are urging American legislatures to accept, the owner of the mortgage pays his proportionate share of the tax on the property.² Shares in corporations are simply certificates of part ownership in the property of the corporations. Where the principle of the property tax is applied, the corporation is taxed upon its property in the same way and at the same rate as an individual. Personal property lying in one taxing district, but owned in another, should be taxed once, and once only. Where the principle of the property tax is applied, it is taxed like real estate where

¹ See Dowell's "History of Taxation and Taxes in England," vol. iii., pp. 114, 115.

² This principle should be applied to railroad mortgages as well as those resting upon individual real estate. Only in this way can bondholders — especially foreign bondholders — be made to bear their share of local taxation. The taxation of mortgages, though the same thing in reality as the taxation of bonds, is not surrounded by the same legal difficulties. The mortgage has a situs in the State where it is recorded. The decision of a bare majority of the Federal Supreme Court, that a State could not tax foreign-held bonds in its corporations (*R. R. v. Pa.*, 15 Wall. 323), rested on the legal fiction respecting the situs of a bond. Where the law makes the mortgage a part interest in the estate mortgaged, the foreign owner may be taxed. See the unanimous decision of the Supreme Court of Oregon in *Mumford v. Sewall*, 11 Oregon, 67, 72.

it is located, without reference to the residence of its owner.

As time goes on, the equal taxation of personal property steadily becomes easier. As firms change into corporations, the value of their property becomes ascertainable to a degree never reached by real estate. Fifteen years ago the worst abuse in the local tax system in this country was the systematic exemption of railroad property. But the commonwealths which have set to work to tax railroads as they tax real estate, have found railroad property by far the easier to value. Connecticut, for example, has now for years assessed its railroads at the value of their stocks and bonds, — taking the proportion thereof fixed by Connecticut mileage in the case of interstate roads. The stocks and the bonds obviously represent the whole property, and their value can be found from the newspapers. In Indiana, where a similar system has been in force since 1891, 6,292 miles of railroads of very ordinary value are now taxed upon \$157,000,000, or \$25,000 a mile. The railroads are assessed at as high a rate as the farms and homes. The same system is being applied to other corporations; through it, and through it alone, can all corporations doing an interstate business be justly taxed. No State has the right or the power to tax such corporations upon the

The Taxation
of Personality
Becoming
Easier.

whole of their property. But every State has the right and the power to tax them upon the proportion of their total property corresponding with their business within the State.¹

This discussion of local taxation in the United States has seemed necessary because of the widespread opinion that nearly all local taxes in America fall upon real estate, and thus greatly overburden the poorer classes of property owners. It is true that over one-third of the personal property still escapes taxation. Nevertheless, the rapid abandonment, during the past decade, of the legal fiction respecting the situs of personalty, and the wider application of the principle that all property should be taxed at the same rate, and at the place where it produces its revenue, have made this abuse much less flagrant than formerly. The personal property that escapes taxation is indeed pre-eminently the property of the rich; the homes and

¹ In order to be just, such taxes should be upon the capital, or capitalized net earnings of the corporations, and not on the gross receipts; for it is only the tax on capital that cannot be shifted in some degree upon the public. For the incidence of various taxes the reader is cordially recommended to consult Professor Seligman's admirable essay on the Incidence of Taxation. Professor Seligman criticises the generalization that the taxation of property is the taxation of the property owners; but he himself holds that the tax upon land cannot be shifted from the landowner, that the tax upon net earnings cannot be shifted from the stockholders in corporations, and that the taxes on other property cannot be shifted in case they are general.

farms¹ which are overburdened are pre-eminently the property of the smaller holders. Nevertheless, the line between the classes as to the form of property owned is not a sharp one, and the average rate of taxation on the property of the rich is but little greater than the average rate paid by the relatively poor.²

The percentage of the property tax that is shifted upon the shoulders of the propertyless is relatively small. It is, of course, greatest in

¹ The writer knows no better example of the common-sense of American farmers respecting their own interest, and the folly of city experts who think them fools, than the way in which the former have clung to the taxation of personal property. One of the most brilliant attorneys in New York, Mr. Thomas G. Shearman, has written at length to show that everywhere it is the farmers who pay the bulk of the taxes on personal property. But everywhere he loses sight of the fact that the personal property returned in the rural counties is almost exclusively returned in the towns and villages of those counties. In Ohio, where he finds several illustrations, the value of farm-land equals that of urban realty, yet the aggregate value of farmers' personalty—including as such all the live stock, and all the carriages, wagons, watches, and pianos in the State—is but \$90,000,000, while the value of merchants' and manufacturers' stock, money, credits, etc., is \$223,000,000, and that of banks, railroads, etc., another \$182,000,000. These are about the proportions in most States with fairly good tax systems, and the farmers know it without statistics.

² Even the taxation of mortgaged property entirely to the mortgagor does not result in the exemption of the richer class. The mortgagor pays less for the possession of the property, because he pays the tax. However, California's experience in taxing mortgages to the real owners, and New England's experience in taxing savings-banks and public bonds, entirely run counter to the claim of the creditors that the direct taxation of their loans increases the rate of interest to the full amount of the tax.

the large cities, where personal property in the largest measure escapes taxation, and property owners refuse to erect new buildings until the rentals will yield them as much as tax-free investments. But the field of tax-free investments has become a limited and overcrowded one. In only a small degree, therefore, does the exceptionally heavy taxation of real estate direct investments to other channels. Even in this degree it is the rental of buildings alone that is affected. The exceptionally heavy taxation of land does not lessen the supply of land, nor increase its rental; and in the largest cities the value of the land, even in the tenement-house districts, approximately equals the value of the buildings.¹

Were it not for the poll-taxes and the license-taxes still employed by local governments, it would be difficult to defend the proposition that the small property owners pay a much heavier percentage on their property than the larger. The property tax averages about three-fourths of one per cent upon the actual value of all property; and it is doubtful if it falls below three-fifths of one per cent for the wealthiest class, or rises as high as one per cent for the great body of the people. However, about \$50,000,000 a year is collected from poll-taxes, liquor licenses, etc.; and three-

¹ See Boston Assessors' Report for the year 1894, p. 33.

quarters of these taxes fall upon the relatively poorer classes. The final table for the distribution of local taxation would therefore stand approximately as follows:—

Distribution of Local Taxation.

CLASS OF INCOMES.	NO. OF FAMILIES.	TOTAL PROP.	TOTAL INC.	LOCAL TAXES.	TAXES TO INC. PROP.	
		(Millions.)	(Millions.)	(Millions.)		
\$5,000 and over,	200,000	\$35,500	\$ 3,110	\$220	.07	.006
\$5,000 to \$1,200,	1,300,000	20,500	2,890	170	.06	.008
Under \$1,200 .	11,000,000	9,000	4,800	125	.03	.014
	12,500,000	\$65,000	\$10,800	\$515 ¹		

In other words, our system of local taxation is the most just in the world to the poorer classes. In proportion to incomes, the taxation is progressive. From the incomes less than \$1,200, less than three per cent is taken; from the incomes above \$5,000, seven per cent is taken. Nevertheless, even these relatively humane burdens rest twice as heavily upon the property of the poorer classes as upon the property of the rich. When these local taxes are joined with the national, the aggregate tax is one-twelfth of the income of every class. There is no exemption of wages. The wealthiest class is taxed less than one per cent on its property, while the mass

Summary.

¹ EXTRA CENSUS BULLETIN NO. 70.

Taxes on property, including corporations .	\$465,000,000
Licenses, poll-taxes, etc. (about)	50,000,000
	<u>\$515,000,000</u>

of the people are taxed more than four per cent on theirs. In this way the separation of classes is accelerated by the hand of the state.

The investigation of the present distribution of wealth is now complete. We found in the

Conclusion. English retrospect that the concentration of wealth has been going on rapidly

despite the reforms of the present century. In our own country the Civil War overthrew the once dominant cause of the separation of classes, but called into activity new forces working to the same end. The dominant forces to-day are all working toward the concentration of wealth in the cities, and the impoverishment of the country districts. In the cities these forces are working toward a yet narrower concentration. The wealth of the cities is as much more concentrated as it is greater than the wealth of the rural districts. Taking city and country together, we found that the great body of small property owners now hold barely one-eighth of the national wealth ; and that one family out of every one hundred owns as much as all the remainder. Turning to the incomes of families, we found that in this country, as well as in Europe, two-fifths of the product of industry goes as the share of capital, quite apart from the earnings of the capitalist classes from personal exertions. One-tenth of the families have the same aggregate income as the remaining

nine-tenths, while the one per cent at the top have as much as the fifty per cent at the bottom. Turning finally to the field of taxation, we found that the public is taking as large a percentage from the incomes insufficient for healthful and decent living as from the incomes morally perilous to their possessors, and is placing upon the property of those struggling for an independence burdens fourfold heavier than upon the property of those already rich. Such a review cannot be concluded with the mere recommendation that taxation shall be changed so as to rest equally upon the property of the rich and poor. The equal taxation of property will not restore substantial equality of opportunities. It will not even stop the separation of classes now going on. To accomplish these ends will require radical measures along many lines. For the moment, the reform of the currency and the control of the railroads seem destined to have the first place in the hearts and consciences of those who desire a better social condition. But when these reforms are accomplished, and the nation sees that the gulf between the classes is still widening, and that the incomes from great properties, instead of promoting energy and thrift, are promoting idleness and waste, there is bound to be a further change in the canons of taxation. In Europe during the present generation we have witnessed the de-

mand of liberals for a proportional income tax change into a demand for a progressive income tax. In this country during the coming generation we are likely to see the public demand for the proportional property tax change into an equally vehement demand for a progressive property tax. The great principles of taxation will not be changed. Taxation will still be distributed according to the ability of each class to bear, according to the public sense of social justice, according to the obvious demands of the public welfare. But the public will recognize that the ability to pay taxes increases faster than the private fortune; the public will feel that the sacrifice becomes less as the size of the fortune grows greater; and the public will know that the well-being of the nation will be increased by a distribution of public burdens, which will enable the small property owners to gain a competency, even if it seriously reduces the incomes in excess of the demands of comfort or culture or character. The public welfare is the supreme law, and the heart and conscience of the nation are bound to give effect to measures which shall make the wealth of the nation synonymous with the national well-being.

APPENDIX I.

Distribution of Incomes in England and Wales. 1688.

From "The Political Conclusions of Gregory King."

NUMBER OF FAMILIES.	RANK.	HEADS PER FAM.	AVERAGE FAMILY INCOMES.	TOTAL INCOMES.
			£ s.	£
160	Temporal Lords	40	2,800	448,000
26	Spiritual Lords	20	1,300	33,800
800	Baronets	16	880	704,000
600	Knights	13	650	390,000
3,000	Esquires	10	450	1,200,000
12,000	Gentlemen	8	280	2,880,000
5,000	Persons in offices	8	240	1,200,000
5,000	Persons in offices	6	120	600,000
2,000	Merch. and traders by sea .	8	400	800,000
8,000	Merch. and traders by land,	6	200	1,600,000
10,000	Persons in the law	7	140	1,400,000
2,000	Clergymen	6	60	120,000
8,000	Clergymen	5	45	360,000
40,000	Freeholders	7	84	3,360,000
140,000	Freeholders	5	50	7,000,000
150,000	Farmers	5	44	6,600,000
16,000	Persons in sciences and lib- eral arts	5	60	960,000
40,000	Shopkeepers and tradesmen,	4 $\frac{1}{2}$	45	1,800,000
60,000	Artisans and handicrafts .	4	40	2,400,000
5,000	Naval officers	4	80	400,000
4,000	Military officers	4	60	246,000
50,000	Common seamen	3	20	1,000,000
364,000	Laboring people and out-ser- vants	3 $\frac{1}{2}$	15	5,460,000
400,000	Cottagers and paupers . .	3 $\frac{1}{4}$	6 10	2,000,000
35,000	Common soldiers	2	14	490,000
	Vagrants (30,000 persons) .	. .	. .	60,000
1,360,586	5,500,520 persons		32	43,505,800

APPENDIX II.

Table 1. — Returns in New Domesday Book for the Holdings of Real Estate both in Town and Country in England and Wales in 1874–1875. London is not included.

SIZE OF HOLDINGS.	NO. OF OWNERS.	ACREAGE OF LANDS.	GROSS EST. RENTAL.
Less than 1 acre	703,289	151,171	£29,127,679
Between			
1 and 10 acres	121,983	478,679	6,438,324
10 and 50 acres	72,640	1,750,079	6,509,289
50 and 100 acres	25,839	1,791,605	4,302,002
100 and 500 acres	32,317	6,827,346	13,680,759
500 and 1,000 acres	4,799	3,317,678	6,427,552
1,000 and 2,000 acres	2,719	3,799,307	7,914,371
2,000 and 5,000 acres	1,815	5,529,190	9,579,311
5,000 and 10,000 acres	581	3,974,724	5,522,610
10,000 and 20,000 acres	223	3,098,674	4,337,023
20,000 and 50,000 acres	66	1,917,076	2,331,302
50,000 and 100,000 acres	3	104,938	188,746
100,000 acres and upwards	1	181,616	161,874
No areas	6,448		2,831,452
No rentals	113	1,423	

Table 2. — Analysis of the above returns in John Bateman's "Great Landowners of Great Britain and Ireland."

400 Peers and Peeresses	Acres, 5,728,979
1,288 Great Landowners (minimum estate 3,000 acres, or £3,000)	8,497,699
2,529 Squires (1,000 acres and upwards to £3,000 rental), ...	4,319,271
9,585 Greater Yeomen (300 acres to 1,000 acres)	4,782,627
24,412 Lesser Yeomen (100 acres to 300 acres)	4,144,272
217,049 Small Proprietors (1 acre to 100 acres)	3,931,806
703,289 Cottagers (less than 1 acre)	151,148
14,459 Public Bodies —	
The Crown-barracks, convict prisons, light-houses, etc.	165,427
Religious, educational, philanthropic, etc.	947,655
Commercial and miscellaneous	330,466
Waste	1,524,624
973,011 owners.	Acres, 34,523,974

APPENDIX III.

MR. GIFFEN'S ARGUMENT, JOURNAL STATISTICAL
SOCIETY, 1883.

THE first evidence I refer to is that of the probate duty returns. Through the kindness of the Commissioners of Inland Revenue, I am able to put before you a statement of the number of probates granted in 1881, and of the amounts of property "proved," with which we will compare similar figures published by Mr. Porter in his "Progress of the Nation" for 1838. . . .

Statement of Number of Probates granted in 1882, with Amounts of Property proved, and Average per Probate [from figures supplied by the Commissioners of Inland Revenue]; and Comparison with a Similar Statement for 1838. [From Porter's "Progress of the Nation," p. 600. *et seq.*]

	NUMBER OF PROBATES.		AMOUNT OF PROPERTY.		AMOUNT OF PROPERTY PER ESTATE.	
	1882.	1838.	1882.	1838.	1882.	1838.
England,	45,555	21,900	£ 118,120,961	£ 47,604,755	£ 2,600	£ 2,170
Scotland,	5,221	1,272	13,695,314	2,817,260	2,600	2,200
Ireland,	4,583	2,196	8,544,579	4,465,240	1,900	2,200
United Kingdom,	55,359	25,368	£ 140,360,854	£ 54,887,255	£ 2,500	£ 2,160

In spite of the enormous increase of property passing at death, amounting to over 150 per cent, which is more than the increase in the income-tax income, the amount of property per estate has not sensibly increased. The increase of the number of estates is more than double, and greater, therefore, than the increase of population; but the increase of capital per head of the capitalist classes is in England only 19 per cent, and in the United Kingdom only 15 per cent. Curiously enough, I may state, it is hardly correct to speak of the capitalist classes as holding this property, as the figures include a small per cent of insolvent estates; but allowing all the property to belong to the capitalist classes, still we have the fact that these classes are themselves increasing. They may be only a minority of the nation, though I think a considerable minority, as 55,000 estates passing in a year represent from 1,500,000 to 2,000,000 persons as possessing property subject to probate duty; and these figures, it must be remembered, do not include real property at all. Still, small or large as the minority may be, the fact we have before us is that in the last fifty years it has been an increasing minority, and a minority increasing at a greater rate than the increase of general population. Wealth, to a certain extent, is more diffused than it was.

If I had been able to obtain more details, it would have been possible to specify the different sizes of estates, and the different percentages of increase, from which it would not only have appeared whether

the owners of personal property were increasing in number, but whether the very rich were adding to their wealth more than the moderately rich, or *vice versa*. But it is something to know, at least, that there are more owners. I trust the Commissioners of Inland Revenue will see their way in their next report to give more detail on this very interesting point.¹ . . .

The next piece of statistics I have to refer to is the number of separate assessments in that part of Schedule D known as Part I., viz., Trades and Professions, which excludes public companies and their sources of income, where there is no reason to believe that the number of separate assessments corresponds in any way to the number of individual incomes. Even in Part I. there can be no exact correspondence, as partnerships make only one return; but, in comparing distant periods, it seems not unfair to assume that the increase or decrease of assessments would correspond to the increase or decrease of individual incomes. This must be the case, unless we assume that in the interval material differences were likely to arise from the changes in the number of partnerships to which individuals belonged, or from partnerships as a rule comprising a greater or less number of individuals. Using the figures with all

¹ It appears that the increase in the number of probates for less than £1,000 is from 18,490 to 41,278, or about 120 per cent, the average value per probate being much the same; while the increase of the number of probates for more than £1,000 is from 6,878 to 12,629, or over 80 per cent, and the average value per probate has increased from £7,150 to £9,200.

these qualifications, we get the following comparisons:—

Number of persons at different amounts of income charged under Schedule D in 1843 and 1879-1880 compared [in England].¹

		1843.	1879-1880.
£ 150 and under £ 200 . . .		39,366	130,101
200 and under 300		28,370	88,445
300 and under 400		13,429	39,896
400 and under 500		6,781	16,501
500 and under 600		4,780	11,317
600 and under 700		2,672	6,894
700 and under 800		1,874	4,054
800 and under 900		1,442	3,595
900 and under 1,000		894	1,396
1,000 and under 2,000		4,228	10,352
2,000 and under 3,000		1,235	3,131
3,000 and under 4,000		526	1,430
4,000 and under 5,000		339	758
5,000 and under 10,000		493	1,439
10,000 and under 50,000		200	785
50,000 and upwards		8	68
TOTAL		106,637	320,162

¹ The figures for 1843 cannot be given for either Scotland or Ireland.

Here the increase in all classes, from the lowest to the highest, is between two and three times, or rather more than three times, with the exception of the highest class of all, where the numbers, however, are quite inconsiderable; again a proof, I think, of the greater diffusion of wealth, so far as the assessment of income to income tax under Schedule D may be taken as a sign of the person assessed having wealth of some kind, which I fear is not always the case.

If the owners of this income, at least of the smaller incomes, are to be considered as not among the capitalists, but among the working classes, — a very arguable proposition, — then the increase of the number of incomes from £150 up to, say, £1,000 a year, is a sign of the increased earnings of the working classes, which are not usually thought of by that name. The increase, in this instance, is out of all proportion to the increase of population.

APPENDIX IV.

The Minimum Debt of the United States, 1890.

ESTIMATE of Mr. George K. Holmes, the head of the Bureau of Mortgages, *Political Science Quarterly*, 1893:—

Railroad companies (funded debt)	\$4,631,473,184
Street railway companies (funded debt)	151,872,289
Telephone companies (funded debt)	4,992,565
Telegraph, public water, gas, electric lighting and power companies (estimated)	200,000,000
Other quasi-public corporations (to make round total)	11,661,962
Total debt of quasi-public corporations	\$5,000,000,000
Real-estate mortgages (estimated)	\$6,000,000,000
Crop liens in the South (estimated)	350,000,000
Chattel mortgages (estimated)	300,000,000
National banks (loans and overdrafts)	1,986,058,320
Other banks (loans and overdrafts, not including real-estate mortgages)	1,172,918,415
Other private debts (to make round total)	1,191,023,265
Total debt of other private corporations and individuals	\$11,000,000,000
Total private debt	\$16,000,000,000
United States	\$891,960,104
States	228,997,389
Counties	145,048,045
Municipalities	724,463,060
School districts	36,701,948
Total public debt (less sinking-fund)	\$2,027,170,546
Grand total	\$18,027,170,546

APPENDIX V.

Foreign Holdings of American Wealth.

RESPECTING the foreign holdings of American wealth, the most careful estimate, perhaps, is that made by M. Georges Martin, and published in the *Journal of the Statistical Society* of Paris, April, 1891. It relates only to the securities quoted on European exchanges; but such securities represent the great body of American property held abroad. The estimate is briefly as follows:—

222 SECURITIES QUOTED EXCLUSIVELY IN EUROPE.

AGGREGATE VALUE.	EUROPE'S SHARE OF PRINCIPAL.	EUROPE'S SHARE OF INTEREST.
\$694,000,000	\$694,000,000	\$34,700,000

267 SECURITIES QUOTED ALSO IN AMERICA. STOCKS AND BONDS,
INCLUDING STATE BONDS.

AGGREGATE VALUE.	EUROPE'S SHARE OF PRINCIPAL.	EUROPE'S SHARE OF INTEREST.
\$3,238,000,000 {	\$1,079,000,000 (min.)	\$54,000,000
	to	to
	1,619,000,000 (max.)	81,000,000

FEDERAL BONDS.

AGGREGATE VALUE.	EUROPE'S SHARE OF PRINCIPAL.	EUROPE'S SHARE OF INTEREST.
\$735,000,000	\$73,500,000	\$3,000,000

AGGREGATE PRINCIPAL.

From \$1,846,000,000

To 2,386,000,000

AGGREGATE INTEREST.

From \$ 91,700,000

To 118,700,000

APPENDIX VI.

Income of the United Kingdom, 1885.

MR. GIFFEN'S TABLE.

("The Growth of Capital," page 11.)

	INCOMES.	YEARS' PURCHASE.	CAPITAL.
UNDER SCHEDULE A —	£		£
Lands	65,039,000	26	¹ 1,691,313,000
Houses	128,459,000	15	1,926,885,000
Other Profits	877,000	30	26,310,000
SCHEDULE B —			
(Farmers' Profits)	65,233,000	8	521,864,000
SCHEDULE C —			
(Public Funds less Home Funds)	21,096,000	25	527,400,000
UNDER SCHEDULE D —			
Quarries	933,000	4	3,732,000
Mines	7,603,000	4	30,412,000
Iron Works	2,265,000	4	9,060,000
Gas Works	5,026,000	25	125,650,000
Water Works	3,260,000	20	65,200,000
Canals, etc.	3,546,000	20	70,920,000
Fishing	618,000	20	12,360,000
Market Tolls, etc.	590,000	20	11,800,000
Other Public Companies, Foreign and Colonial Se- curities, etc.	34,789,000	20	695,780,000
Railways in United Kingdom	9,859,000	20	197,180,000
Railways out of United Kingdom	33,270,000	28	931,560,000
	3,808,000	20	76,160,000
<i>Forward</i>	386,271,000		6,923,586,000

Income of the United Kingdom, 1885 (*Continued*).

	INCOMES.	YEARS' PURCHASE.	CAPITAL.
	£	£	£
<i>Forward</i>	386,271,000		6,923,586,000
Interest paid out of Rates, etc.	5,041,000	25	126,025,000
Other Profits	1,435,000	20	28,700,000
Trades and Professions, one-fifth of Total Income of £180,000,000 .	36,096,000	15	541,440,000
Total under Income-tax,	428,843,000	. . .	7,619,751,000
Trades and Professions omitted, 20 per cent of Amount assessed, or £36,000,000, of which one-fifth is.	7,219,000 2,960,000	15 15	108,285,000 14,400,000
Income of non-Income Tax-paying Classes derived from Capital. .	67,000,000	5	335,000,000
Foreign Investments, not in Schedules C and D	50,000,000	10	500,000,000
Movable Property not yielding Income; e.g., Furniture of Houses, Works of Art, etc. . .	. . .	. . .	960,000,000
Government and Local Property, say . . .	. . .	. . .	500,000,000
	554,022,000		10,037,436,000

¹ This is the result of capitalizing lands, in Ireland at 15 years' purchase, and in England and Scotland at 28 years' purchase.

² Estimate of income escaping assessment by raising of limit of exemption in 1876.

APPENDIX VII.

Schedule D. — Classes. EXCLUDING PUBLIC COM- PANIES.	YEAR ENDING APRIL 5, 1876.			YEAR ENDING APRIL 5, 1877.		
	Amount of In- come charged with Tax.	Number of Persons in each Class.	Amount of Tax charged in each Class.	Amount of In- come charged with Tax.	Number of Persons in each Class.	Amount of Tax charged in each Class.
Under £100 per annum . . .	£ 909,014	31,911	£ 7,625	£ 2,018,754	56,671	£ 25,219
Under £150 per annum . . .						
£ 100 and under £ 200 . . .	17,114,162	321,221	142,848			
150 and under 200 . . .						
200 and under 300 . . .	15,114,119	86,105	125,991	6,397,103	126,692	79,960
300 and under 400 . . .	10,889,938	34,972	90,749	12,429,912	89,030	155,370
400 and under 500 . . .	6,453,763	15,690	53,782	10,845,924	39,909	135,571
500 and under 600 . . .	6,335,495	12,533	52,796	6,989,131	17,179	87,363
600 and under 700 . . .	4,488,635	7,386	37,405	6,461,280	12,818	80,765
700 and under 800 . . .	3,130,626	4,344	26,114	4,606,149	7,615	57,576
800 and under 900 . . .	3,299,805	4,067	27,499	3,207,899	4,466	40,098
900 and under 1,000 . . .	1,399,533	1,523	11,663	3,378,381	4,175	42,229
1,000 and under 2,000 . . .	15,259,674	12,082	127,164	1,358,554	1,482	16,981
2,000 and under 3,000 . . .	8,607,973	3,797	71,733	15,464,818	12,274	193,310
3,000 and under 4,000 . . .	5,806,251	1,782	48,386	8,748,034	3,861	109,350
4,000 and under 5,000 . . .	4,376,767	1,029	36,473	5,789,808	1,774	72,372
5,000 and under 10,000 . . .	12,885,036	1,958	107,376	4,324,435	1,008	54,055
10,000 and under 50,000 . . .	20,570,189	1,144	171,418	12,533,015	1,896	156,662
50,000 and upwards . . .	7,723,065	84	64,359	18,313,724	1,036	228,920
TOTAL (Trades and Pro- fessions only)	£144,364,045	541,628	£1,203,381	£130,825,878	381,972	£1,635,287

APPENDIX VII. — (Continued.)

Schedule E. — Classes, PUBLIC OFFICES, SALARIES IN PUBLIC COMPANIES, ETC.	YEAR ENDING APRIL 5, 1876.			YEAR ENDING APRIL 5, 1877.		
	Amount of In- come charged with Tax.	Number of Persons in each Class.	Amount of Tax charged in each Class.	Amount of In- come charged with Tax.	Number of Persons in each Class.	Amount of Tax charged in each Class.
Under £100 per annum . .	£ 2,045,934	55,718	17,049	£2,875,348	66,889	£ 35,917
Under £150 per annum . .						
£ 100 and under £ 200 . .	5,912,511	75,010	49,270			
150 and under 200 . .						
200 and under 300 . .	4,170,793	22,118	34,718	1,991,936	24,752	24,898
300 and under 400 . .	3,928,365	10,012	26,902	3,551,203	22,811	44,390
400 and under 500 . .	2,197,585	5,243	18,312	2,922,531	10,596	36,530
500 and under 600 . .	1,490,328	2,917	12,418	2,305,251	5,541	28,813
600 and under 700 . .	1,062,151	1,742	8,850	1,565,176	3,063	19,563
700 and under 800 . .	747,692	1,049	6,230	1,169,051	1,917	14,600
800 and under 900 . .	643,860	799	5,364	809,975	1,118	10,110
900 and under 1,000 . .	373,370	405	3,110	687,968	847	8,597
1,000 and under 2,000 . .	2,774,470	2,383	23,120	403,611	435	5,043
2,000 and under 3,000 . .	716,856	325	5,972	2,815,412	2,284	35,190
3,000 and under 4,000 . .	424,228	129	3,534	776,024	356	9,700
4,000 and under 5,000 . .	195,343	45	1,627	385,623	120	4,820
5,000 and upwards	623,724	90	5,197	179,603	39	2,243
TOTAL	£26,607,210	177,985	£221,673	£22,987,949	140,852	£287,277

APPENDIX VIII.

Taxation in Basel in 1429.

SIZE OF ESTATE IN GULDEN.	NUMBER TAX- PAYERS.	AVERAGE ESTATE. (ESTIMATED.)	AGGREGATE ESTATE. (ESTIMATED.)
0 to 10	649	5	3,000
10 to 50	593	25	16,000
50 to 100	354	66	23,000
100 to 150	170	120	20,000
150 to 300	267	200	53,000
300 to 500	146	366	53,000
500 to 750	79	600	47,000
750 to 1,000	60	850	51,000
1,000 to 1,500	60	1,166	70,000
1,500 to 2,000	32	1,666	54,000
2,000 to 2,500	21	2,200	46,000
2,500 to 3,000	25	2,700	67,000
3,000 to 3,500	14	3,200	45,000
3,500 to 4,000	13	3,700	48,000
4,000 to 4,500	10	4,200	42,000
4,500 to 5,000	5	4,700	23,000
5,000 to 5,500	2	5,200	10,000
5,500 to 6,000	3	5,700	17,000
6,000 to 6,500	4	6,200	25,000
6,500 to 7,000	3	6,700	20,000
7,000 to 7,500	5	7,200	36,000
7,500 to 8,000	5	7,700	38,000
8,000 to 8,500	3	8,200	25,000
9,000 and upwards . .	13	12,000	160,000
	2,536		992,000

Population about 10,000 ; families about 2,000.

992,000 gulden is about \$4,000,000, or an average of \$2,000 per family.

APPENDIX IX.

Personal Estates in Baltimore.

ESTATES probated in the Orphans' Court of Baltimore City, from 1888 to 1893, inclusive. (Third Annual Report, Maryland Bureau of Industrial Statistics.)

	NO.	VALUE.
Under \$ 500 Personalty	1,359	\$ 333,225
\$ 500 to 1,000 "	958	656,038
1,000 to 2,500 "	1,358	2,165,694
2,500 to 5,000 "	792	2,776,823
5,000 to 10,000 "	578	4,009,751
10,000 to 25,000 "	452	7,123,912
25,000 to 50,000 "	199	6,996,063
50,000 to 100,000 "	129	9,157,922
Over 100,000 "	89	25,836,140
TOTALS	5,914	\$59,055,568

In a condensed form the table would stand:—

	NO.	VALUE.
Under \$ 5,000 Personalty .	4,467	\$ 5,931,780
\$5,000 to 50,000 " .	1,229	18,129,726
Over 50,000 " .	218	34,994,062
TOTALS	5,914	\$59,055,568

Were realty as well as personalty returned, the number and value of large estates would greatly increase.

APPENDIX X.

Inventoried Estates in Massachusetts.
 Massachusetts Bureau of Statistics of Labor — Report, 1894.
 1829-1831.

	MALES.		FEMALES.		BOTH SEXES.	
	NUMBER.	AMOUNT.	NUMBER.	AMOUNT.	NUMBER.	AMOUNT.
Under \$500	1,102	\$ 198,008	329	\$ 67,536	1,431	\$ 265,544
\$ 500 but under \$ 1,000 .	373	275,780	90	63,228	463	339,008
1,000 but under 5,000 .	1,134	2,732,538	140	289,726	1,274	3,022,264
5,000 but under 10,000 .	279	1,906,273	16	99,559	295	2,005,832
10,000 but under 25,000 .	143	2,200,435	14	226,030	157	2,426,465
25,000 but under 50,000 .	35	1,229,203	7	247,929	42	1,477,132
50,000 but under 100,000 .	25	1,829,147	. . .		25	1,829,147
100,000 but under 200,000	6	805,464	. . .		6	805,464
200,000 but under 300,000 .	. . .		. . .		. . .	
300,000 but under 400,000 .	2	640,063	. . .		2	640,063
400,000 but under 500,000 .	1	415,371	. . .		1	415,371
500,000 and over	2	1,267,817	. . .		2	1,267,817
TOTALS	3,102	\$13,500,099	596	\$994,008	3,698	\$14,494,107

APPENDIX X. — (Continued.)

Inventoried Estates in Massachusetts. — (Continued.)

1859-1861.

	MALES.		FEMALES.		BOTH SEXES.	
	NUMBER.	AMOUNT.	NUMBER.	AMOUNT.	NUMBER.	AMOUNT.
Under \$500	901	\$ 221,310	494	\$ 125,340	1,485	\$ 346,650
\$ 500 but under \$ 1,000 .	628	459,852	332	237,280	960	697,132
1,000 but under 5,000 .	2,087	5,161,816	740	1,630,065	2,827	6,791,881
5,000 but under 10,000 .	673	4,647,075	124	859,294	797	5,506,369
10,000 but under 25,000 .	427	6,596,394	80	1,191,537	507	7,787,931
25,000 but under 50,000 .	138	4,829,739	30	1,030,179	168	5,859,918
50,000 but under 100,000 .	82	5,649,766	10	739,495	92	6,389,261
100,000 but under 200,000 .	46	5,996,098	6	707,128	52	6,703,226
200,000 but under 300,000 .	17	4,059,628	1	215,614	18	4,275,242
300,000 but under 400,000 .	5	1,714,083	2	672,881	7	2,386,964
400,000 but under 500,000 .	3	1,423,568	. . .		3	1,423,568
500,000 and over	6	5,088,652	. . .		6	5,088,652
TOTALS	5,103	\$45,847,981	1,819	\$7,408,813	6,922	\$53,256,794

APPENDIX X. — (Continued.)

Inventoried Estates in Massachusetts. — (Continued.)
1879-1881.

	MALES.		FEMALES.		BOTH SEXES.	
	NUMBER.	AMOUNT.	NUMBER.	AMOUNT.	NUMBER.	AMOUNT.
Under \$500	1,034	\$ 247,791	788	198,785	1,822	\$ 446,576
\$ 500 but under \$ 1,000 .	771	539,706	680	488,240	1,451	1,047,946
1,000 but under 5,000	2,776	7,040,745	1,812	4,234,550	4,588	11,275,295
5,000 but under 10,000	1,027	7,237,760	394	2,692,780	1,421	9,930,540
10,000 but under 25,000	752	11,788,186	271	4,009,746	1,023	15,797,932
25,000 but under 50,000 .	313	10,713,939	97	3,220,473	410	13,934,412
50,000 but under 100,000	172	11,898,286	46	3,470,144	218	15,368,430
100,000 but under 200,000	92	12,987,585	19	2,512,263	111	15,499,848
200,000 but under 300,000 .	36	8,594,232	1	278,698	37	8,872,930
300,000 but under 400,000 .	19	6,685,538	3	933,409	22	7,618,947
400,000 but under 500,000 .	10	4,383,422		.	10	4,383,422
500,000 and over	28	32,610,753	1	587,228	29	33,197,981
TOTALS	7,030	\$114,747,943	4,112	\$22,626,316	11,142	\$137,374,259

APPENDIX X. — (Continued.)

Inventoried Estates in Massachusetts. — (Continued.)

1889-1891.

	MALES.		FEMALES.		BOTH SEXES.	
	NUMBER.	AMOUNT.	NUMBER.	AMOUNT.	NUMBER.	AMOUNT.
Under \$500	1,174	\$ 283,073	1,043	\$ 263,532	2,217	\$ 546,605
\$ 500 but under \$ 1,000	877	642,919	861	626,944	1,738	1,269,863
1,000 but under 5,000	3,418	8,488,334	2,779	6,584,677	6,197	15,073,011
5,000 but under 10,000	1,199	8,385,291	770	5,346,852	1,969	13,732,143
10,000 but under 25,000	964	15,116,130	534	8,026,619	1,498	23,142,749
25,000 but under 50,000	321	11,183,119	159	5,431,882	480	16,615,001
50,000 but under 100,000	200	13,966,682	65	4,522,100	265	18,488,782
100,000 but under 200,000	105	14,357,512	29	3,952,176	134	18,309,688
200,000 but under 300,000	35	8,660,443	10	2,530,612	45	11,191,055
300,000 but under 400,000	17	5,747,326	5	1,715,393	22	7,462,719
400,000 but under 500,000	11	5,044,120	2	841,173	13	5,885,293
500,000 and over	28	22,157,831	2	1,684,048	30	23,841,879
TOTALS	8,349	\$114,032,780	6,259	\$41,526,008	14,608	\$155,558,788

APPENDIX X. -- (Continued.)

In a condensed form the tables would stand :—

I. By Number.

	1839-1881.	1859-1861.	1870-1881.	1889-1891.
Under \$5,000	3,168	5,272	7,861	10,152
\$5,000 to \$50,000	494	1,472	2,854	3,947
\$50,000 and over	36	178	427	509
TOTALS	3,698	6,922	11,142	14,608

II. By Amounts.

	\$ 3,626,816	\$ 7,835,663	\$ 12,769,817	\$ 16,889,479
Under \$5,000	\$ 3,626,816	\$ 7,835,663	\$ 12,769,817	\$ 16,889,479
\$5,000 to \$50,000	5,909,429	19,154,218	39,662,884	53,489,893
\$50,000 and over	4,957,862	26,266,913	84,941,558	85,179,416
TOTALS	\$14,494,107	\$53,256,794	\$137,374,259	\$155,558,788

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